Feasibility Study on

“Mapping out which actors and through which tools and steps could create a Non-Profit Organisations Observatory in the EU”

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Final Report

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European NPO Observatory
Feasibility Study

Study commissioned by
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LSE Enterprise
London School of Economics & Political Science

Final Report
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<th>Acronym or Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ALNAP</td>
<td>Active Learning Network for Accountability and Performance in Humanitarian Action</td>
</tr>
<tr>
<td>CoE</td>
<td>Council of Europe</td>
</tr>
<tr>
<td>CTED</td>
<td>UN Counter-Terrorism Executive Directorate</td>
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<tr>
<td>CTM</td>
<td>Counter-terrorism measures</td>
</tr>
<tr>
<td>CSCG</td>
<td>Civil Society Contact Group</td>
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<tr>
<td>DG</td>
<td>Directorate-General</td>
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<td>EAO</td>
<td>European Audiovisual Observatory</td>
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<td>EC</td>
<td>European Commission</td>
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<tr>
<td>e.g.</td>
<td>Exempli gratia</td>
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<tr>
<td>EESC</td>
<td>European Economic and Social Committee</td>
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<td>EFC</td>
<td>European Foundation Centre</td>
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<td>EFTA</td>
<td>European Free Trade Association</td>
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<td>EJJO</td>
<td>European Juvenile Justice Observatory</td>
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<td>EOCBA</td>
<td>European Observatory on Cross Border Activities</td>
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<tr>
<td>EOH</td>
<td>European Observatory on Homelessness</td>
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<td>EOHSP</td>
<td>European Observatory on Health Systems and Policies</td>
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<tr>
<td>ESO</td>
<td>European Social Observatory</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<td>EUDO</td>
<td>European Union Democracy Observatory</td>
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<tr>
<td>FARC</td>
<td>Revolutionary Armed Forces of Colombia — <em>Fuerzas Armadas Revolucionarias de Colombia</em></td>
</tr>
<tr>
<td>FATF</td>
<td>Financial Action Task Force</td>
</tr>
<tr>
<td>HIV/AIDS</td>
<td>Human Immunodeficiency Virus Infection / Acquired Immunodeficiency Syndrome</td>
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<tr>
<td>i.e.</td>
<td>Id est</td>
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<tr>
<td>INGO</td>
<td>International Non-governmental Organisation</td>
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<tr>
<td>JHA</td>
<td>Justice and Home Affairs</td>
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<tr>
<td>LSE</td>
<td>London School of Economics &amp; Political Science</td>
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<tr>
<td>LSO</td>
<td>Lisbon Strategy Observatory</td>
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<tr>
<td>N/A</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>NCVO</td>
<td>National Council for Voluntary Organisations</td>
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<td>NPO</td>
<td>Non-Profit Organisation</td>
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<tr>
<td>NPOO</td>
<td>NPO Observatory</td>
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<tr>
<td>OSCE</td>
<td>Organisation for Security and Co-operation in Europe</td>
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<tr>
<td>PFLP</td>
<td>Popular Front for the Liberation of Palestine</td>
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<td>SEMDOC</td>
<td>Statewatch European Monitoring and Documentation Centre</td>
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<tr>
<td>ToR</td>
<td>Terms of Reference</td>
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<tr>
<td>T&amp;A</td>
<td>Transparency and Accountability</td>
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<td>UK</td>
<td>United Kingdom</td>
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<td>UN</td>
<td>United Nations</td>
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<td>WHO</td>
<td>World Health Organization</td>
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<td>WP</td>
<td>Work Package</td>
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EXECUTIVE SUMMARY

This report presents the findings of the ‘European NPO Observatory Feasibility Study’, commissioned by Directorate-General Home Affairs of the European Commission. The purpose of the report is two-fold. First, to assess the process of establishing such an instrument by identifying what actors, steps, and tools could be involved and what forms it could take. Second, to assess the feasibility of establishing an Observatory with the specific overall framing and objectives set out by the European Commission in the Terms of Reference for the study.

The reference points are the Commission Communication COM(2005)620 of 29 November 2005; the European Commission 2009 Annual work programme for ‘Prevention of and Fight against Crime’; the ‘Study to assess the extent of abuse of non-profit organisations for financial Criminal Purpose at EU Level’ and the study on ‘Recent public and self-regulatory initiatives improving transparency and accountability of non-profit organisations in the European Union’ commissioned by the European Commission; and the Terms of Reference for the present study.

In assessing process, the Report finds that while a range of actors could be involved, some are more important than others. The European Commission is the most likely driver and facilitator of such an initiative. The key stakeholders whose support and participation is needed to establish the instrument are the NPO umbrella organisations and the regulatory and accreditation bodies in the member states. Given the range of existing initiatives for NPO accountability and transparency across Europe, it is imperative that the actors involved in creating an Observatory identify its value added as clearly and early in the process as possible. The Report finds that the main forms the instrument could take are a Centre, an Online Platform, and a Hybrid model. It discusses their distinctive logics and possible functional elements, and develops an assessment tool for evaluation and comparison of alternative models. Regarding operationalisation, the Report emphasises early engagement of stakeholders, the challenge of diverse actors and needs, and a balance between providing a communicative platform and more concrete services.

In assessing feasibility, the Report concludes that the feasibility of establishing a European NPO Observatory depends on addressing several existing concerns of key stakeholders, in order to ensure their buy-in from the onset and to unlock the productive potential of the initiative. These concerns relate primarily to the overall framing, objectives and valued added of the instrument.

The Report encourages the European Commission to assess whether some of the aims of the instrument could be promoted by alternative means and to convene a conference with key stakeholders to discuss issues raised in the Report.

If the Commission decides to pursue the establishment of an NPO Observatory, it should consider as a first step efforts to build momentum in the non-profit sector. Such efforts could be geared both towards generating interest and promoting confidence. One option would be to create a ‘Civil Society Dialogue on Transparency and Accountability’, drawing on the Commission’s vast experience in conducting consultative processes in diverse policy areas.

The most effective way to take forward the initiative is to foster a meaningful process of consultation and dialogue that engages all key stakeholders on an equal footing, building on the Commission’s efforts to assess the underlying problem and to encourage innovative and inclusive solutions. Special consideration should be given how best to align such a process with the principles developed in the study and to ensure that it is open and flexible enough to elicit broad participation and support.
I. INTRODUCTION

1. Background, purpose and scope of the study

This report presents the findings of a study assessing the feasibility of establishing a European NPO Observatory to help tackle problems of abuse of non-profit organisations (NPOs) for financial criminal purposes, in particular for terrorist financing. The study was commissioned by the European Commission (EC) in December 2011 and carried out by a team of researchers based at the London School of Economics & Political Science (LSE).

The study was commissioned to respond to ongoing concerns at the European Union (EU) about the potential abuse of NPOs for terrorist financing purposes, which have been addressed in a number of EU documents and previous initiatives. Based on the Communication COM(2005)620 of 29 November 2005, which issued the Framework for a Code of Conduct of NPOs to Promote Transparency and Accountability Best Practices as part of the implementation of the Financial Action Task Force (FATF) Special Recommendation VIII for regulation of NPOs, the EC has already commissioned and published two studies that examine the scale of the problem and map existing public and self-regulatory initiatives for enhancing NPO transparency and accountability in the EU.

The first report entitled ‘Study to Assess the Extent of Abuse of Non-Profit Organisations for Financial Criminal Purposes at EU Level’ examined key risks and vulnerabilities of NPOs and suggested policy responses. One of the recommendations encourages European institutions to promote the exchange of best practices and stakeholder participation in self-regulatory frameworks and proposes the creation of ‘a virtual NPO college using the latest corporate reporting and information exchange internet-based software’; more broadly, the study suggests that ‘NPO representatives and officials should be coming together at the national and at the EU levels to swap information and good practices and build up the expertise necessary to protect their particular areas.’

The second report entitled ‘Study on Recent Public and Self-Regulatory Initiatives Improving Transparency and Accountability of Non-Profit Organisations in the European Union’ identifies key initiatives and best practices in NPO accountability and transparency emerging from the twenty-seven Member States and makes recommendations for EU-level actions. The report

3 Ibid., p.8.
4 Ibid.
highlights the importance both of upward accountability (to Government, donors and the public) and downward accountability (to partners and beneficiaries) and emphasizes that the success of the reviewed initiatives depends on the ‘buy-in of NPOs’ and respect for principles such as consultation and partnership with NPOs, information sharing, and proportionality. It identifies as stakeholders NPO regulators, financial sector regulators, NPOs (both individual and umbrella groups), donors and academics. The report recommends that the EU adopts a consultative approach and plays a proactive role by creating a ‘Centre of Excellence’, which ‘could take several forms (and include a forum for dialogue) to promote accountability and transparency and serve as an ongoing resource for information and exchange’.

This body of EU-level decisions and previously commissioned research provides the background for the European Commission’s inclusion of a feasibility study concerning the establishment of an EU NPO Observatory in its Annual Work Programme 2009: Prevention of and Fight against Crime, which describes as the main task of the NPO Observatory the launch of projects enhancing NPO capacities against financial criminal abuse, in particular terrorist financing.

In the Terms of Reference (ToR) issued by the EC, the purpose and scope of the current study were defined in the following way:

- The study should gather information about and build on existing research work undertaken analyzing the feasibility of an NPO Observatory, by mapping out which actors could be involved in such an instrument and by which steps and tools an NPO Observatory could be created in the EU.

- In defining the NPO Observatory and its tasks, the study should be guided by the EC's Annual Work Programme 2009: Prevention of and Fight against Crime and Commission Communication (2005)620 of 29 November 2005. Therefore, the aspect of abuse for terrorist financing purposes requires particular emphasis in the tasks of the observatory and in the feasibility study.

- The study should make reference to the ‘Centre of Excellence’ discussed in the ‘Study on Recent Public and Self-Regulatory Initiatives Improving Transparency and Accountability of Non-Profit Organisations in the European Union’.

- The study should assess which form such an observatory should most practically take, subject to the fact that the creation of a new European agency or authority is to be neglected for various reasons, and should take into account financial and organisational concerns.

- Regarding the tasks of the observatory, apart from launching projects to enhancing NPO capacities against financial criminal and in particular terrorist financing abuse, one of the most important tasks would be to provide a forum where European NPOs can exchange and receive information on how to enhance their transparency and accountability in order to prevent them from being abused for terrorist financing purposes. Such information does not necessarily have to come from the sector but could be fed in by national or European authorities. The forum would also serve to exchange views on current topics and to demonstrate solutions found at national and European level to address the transparency and accountability aspect. In addition, the observatory could enhance and promote co-operation amongst NPOs in the field.

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6 Ibid., p.7.
2. **Organisation of work**

The initial phase of conducting the study involved developing the overall research framework, the specific components of the research undertaken, and the qualitative and quantitative tools for gathering information, including the questions for the Internet-based survey and the questions and guidelines for conducting interviews with stakeholders. In order to address the range of issues raised in assessing the feasibility of a European NPO Observatory, the work on the study was divided into four Work Packages, which provided the building blocks of the study and are reflected in the way our findings are presented in this report:

- Work Package 1: Actors and Stakeholders
- Work Package 2: Objectives, Principles and Value Added
- Work Package 3: Models and Assessment Tools
- Work Package 4: Operationalisation and Stakeholders Engagement

This breakdown of the issues was informed by the overall aim of the study, namely to assess the feasibility of establishing an NPO Observatory by focusing on actors (who should be involved) and process (by what steps and tools) in creating such a new instrument. While the assessment is framed by the objectives set out by the European Commission for the Observatory, we felt that assessing its feasibility in line with our overall approach requires examination of the principles that should guide its establishment and operation and its value added in relation to existing initiatives. Similarly, we felt that discussing what forms an Observatory could take should be accompanied by some guidance what tools could be used to assess different options, and that the issue of operationalisation requires placing an emphasis on engagement of stakeholders. The preliminary findings of the research team were discussed at a workshop with academics and practitioners, held in July 2012 at the LSE (see next section).

3. **Overall approach and methodology**

3.1 **Overall approach**

Our approach to assessing the feasibility of creating an NPO Observatory in the EU is based on two premises, which have guided the framing and conduct of all aspects of the research undertaken for the study. These were set out in the proposal for the Call for Tender.

First, in the process of discussing and establishing a European NPO Observatory, it is imperative to strike a balance between the need to address concerns for potential abuse of NPOs for financial criminal and terrorist financing purposes, on the one hand, and to acknowledge and encourage the important contribution that NPOs make to socio-political life in Europe and beyond, on the other. Getting this balance right is crucial to unlock the productive potential of such an initiative, while a failure to do so may jeopardise it from the start.

Second, the key factor for the success and sustainability of an NPO Observatory is the acceptance and engagement of the non-profit sector in Europe. An NPO Observatory must be seen by NPOs themselves as an instrument that advances their public credibility and legitimacy by demonstrating commitment to on-going improvement of accountability and transparency. In
contrast, perceptions of the Observatory as an instrument of 'securitisation' or 'surveillance' of Europe's non-profit sector 'from above' may lead to a backlash and reluctance of NPOs to engage productively not only with this initiative but also other efforts of the EU in this field.

3.2 Methodology

The assessment of the feasibility builds on a set of principles that were established as principles that should guide the establishment and the operation of an NPO Observatory. In order to establish these principles a threefold analytical frame was developed as a research technical device. The threefold analytical took into account the above detailed two key premises on which the design, establishment and work of an initiative like an NPO Observatory in the EU needs to be built.

The analytical frame comprises the following three components:

First, general considerations need to be taken into account regarding the reality of abuse of NPOs for terrorist financing, the notion of transparency and accountability, as well as the range of already existing initiatives in the field.

Second, concerns expressed by key stakeholders need to be taken into account. Importantly, this component comprises the concerns and policy aims of the EC within the context of their fight against abuses of NPOs for terrorist financing and other financial criminal purposes. It also captures concerns of national regulatory bodies. At the same time, it captures concerns of European NPOs, especially their EU umbrella organisations, as key stakeholders whose buy-in is crucial for the success of the initiative. While the concerns of the EC are key for establishing the principles and value added of an EU NPO Observatory, it is essential to also take seriously the views of NPOs in order to be able to develop principles that are credible and reflect the need for the NPO Observatory to be modelled in a way so that it is seen and accepted by NPOs as an instrument beneficial to them in order to gain, sustain and improve their public credibility and legitimacy, by demonstrating their commitment to on-going improvement of institutional accountability and transparency, rather than as an instrument of 'securitisation' or 'surveillance' 'from above'.

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7 We are using the term 'securitisation' as it is commonly used within the security studies literature. Developed by the Copenhagen School, the notion of ‘securitisation’ builds on an idea of ‘security’ as practice. As such ‘securitisation’ refers to the practice through which social fields and activities are captured within and through the ‘security discourse’; that is, through which other discourses are overwritten by the security discourse and its constituting premises. In this context, here one could say it refers to the risks associated with bringing NPOs and their important work within the ambit of security and intelligence agencies. See the foundational text on the subject: Buzan, Barry, Ole Waever and Jaap de Wilde (1998) Security: A New Framework for Analysis. London: Lynne Rienner Publishers.
Third, broader considerations need to be taken into account regarding the practice of ‘securitization’ and the role of NPOs as important socio-political actors within contemporary societies. They help to determine principles that come up to the premise that there needs to be a balance between the vulnerability of NPOs to terrorist financing and other financial criminal purposes (and the implied necessity of putting into place initiatives that minimize these risks) and their contribution to socio-political life in the EU, its member states and beyond (and the implied imperative to foster an environment in which they can work constructively).

This threefold analytical frame guided the data assessment and analysis for the establishment of the principles which looked at grey literature, policy reports, academic writings and original data gathered through the survey and interviews.

Overall, the study employed a combination of qualitative and quantitative methods, and uses both desk-research and field-research techniques. These include analysis of both primary materials (e.g., documents and reports of EU institutions, other national and international bodies, NPOs and networks) and secondary sources (academic and grey literature). New data and information was gathered by using two techniques: a) an Internet-based survey with stakeholders; and b) semi-structured interviews with stakeholders.

For the purpose of gathering new information and data, we identified four stakeholder categories to serve as key respondents:

a) European institutions and organisations
b) National-level regulatory and accreditation bodies
c) Umbrella organisations
d) Individual NPOs

In determining the sample of respondents for the survey and interviews, the issue of geographical distribution of stakeholders was secondary to other considerations. This was because some of the key stakeholders operate at the European level, for example EU institutions and NPO umbrella groups, while many NPOs are active in two or more of the member states. With respect to public regulatory bodies, previous reports commissioned by the EC have emphasised the uneven nature of regulation in this field across the Union, as only some member states have standing regulatory bodies for the non-profit sector, thus constraining the choice of respondents.

A total of 64 respondents were identified across the four stakeholder categories and approached with the survey by email. In order to encourage higher response rates, the research team followed up with communication by telephone and email. Aware of the advantages as well as limitations of the Internet-based survey technique, particularly given the limited time available to conduct the research, we supplemented the survey findings with interviews using the ‘focused semi-structured interview’ technique.

The sample of sixty-four respondents included thirty (30) respondents in Category 4, individual NPOs, but based on the client's preferences and recommendations about the best use of the limited time and resources available, we re-configured to sample and focused our efforts on obtaining responses from stakeholders in Categories 1, 2 and 3. From the remaining 34 stakeholders, we were able to reach a total of 26 stakeholders across the three categories (see Appendix III).
NPO umbrella organisations and relevant European-level bodies responded positively to our requests to serve as respondents, as did a number of national-level regulators and accreditation bodies. With respect to the latter, as already noted, not all member states have public regulators and in many countries regulation accreditation or certification of NPOs is conducted by independent or semi-independent bodies (e.g., QUANGOs). We received survey responses and/or conducted interviews with NPO regulatory and accreditation bodies in France, Germany, Italy, the Netherlands, Spain, Sweden, and the UK. In addition, we received responses from two non-EU countries (Albania and Switzerland). We also secured a survey response from the International Committee on Fundraising Organisations (ICFO), whose objective is ‘to ensure that fundraising for charitable purposes is being organized and performed in a satisfactory manner and that the administration of the collected funds is adequate’.

Despite the fairly good response rate it is worth noting that some of the stakeholders we contacted were reluctant to respond because they took issue with the matter of counter-terrorism. This reluctance is analysed in the report as it indicates attitudes and receptiveness that should be taking into account.

The survey questionnaire consisted of five different parts: 1) Engagement between NPOs and EU institutions; 2) Observatory models; 3) membership; 4) training; and 5) accountability. Such subdivisions allowed the respondents to focus on different aspects and dimensions of the NPOO. All respondents who completed the questionnaire demonstrated a strong interest in the issues and topics covered, which is evident in the low number of questions with no answers. Moreover, many of the respondents provided lengthy replies to the open answer questions, which enhanced significantly the value of the survey in analysing the issues raised by an NPO Observatory.

We employed a sequential methodology which means that the interviews followed the survey and the interview questions were informed by the results and findings of the survey. The qualitative data derived from the interviews has significantly added to the analysis of the collected survey data. Given the amount of time and resources allocated, it was not feasible to conduct all interviews in person; therefore some of the interviews were conducted either via telephone or Skype. The interviews were either conducted in English or transcribed and translated in English. The information and data generated through the survey and interviews were used across the study, and specific research components analysed them using a variety of techniques.

In order to expand the range of perspectives and views that inform the study, in July 2012 we organised a workshop with practitioners and academics at the London School of Economics. The purpose of the workshop was to test our hypotheses and evidence and to solicit feedback. A report outlining our preliminary findings was circulated in advance of the workshop. A total of 14 participants took part in the workshop and several other invitees who couldn't attend asked to provide comments to the preliminary findings via email.

4. **Structure and organisation of the report**

In order to assess the feasibility of a European NPO Observatory and map the actors that could be involved and the steps and tools by which such an instrument could be created, this study first establishes two benchmarks for making assessment: a) the objectives of the Observatory;

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8 See the website of the ICFO at [http://www.icfo.org/](http://www.icfo.org/).
and b) the principles that should guide the process of creating an instrument of this kind and its subsequent operations. These two benchmarks are discussed in Section II of the report.

In Section III we turn to the task of mapping the actors that could be involved in the creation and work of a European NPO Observatory. This Section identifies four types of stakeholders that could be involved in this instrument, analyses their level of interest in and support for the creation of an Observatory, identifies those actors whose support is crucial for the success and sustainability of such an instrument and assesses their level of ‘buy-in’.

Section IV examines the potential value added of creating an NPO Observatory as a new instrument at the European level, in light of the range of national and transnational initiatives and frameworks that are already in place in the EU. While previous studies have concluded that there is scope for European-level action, we take a closer look at the value that such action adds for key actors and stakeholders identified in Section III.

In Section V the study turns to the question what steps and tools could be useful in creating an NPO Observatory. One of the key steps in such a process is to consider the possible forms that such an instrument could take and what tools could be useful in assessing these various options. The Section identifies three potential models for the Observatory as ideal types, clarifies their distinctive logics, and identifies a set of elements that could be incorporated in each model. It proposes an assessment tool could be used in the process of creating the instrument to evaluate different options under consideration, and applies that tool to assess the three ideal-type models to the extent possible.

Section VI examines the next steps involved in the process of creating an Observatory: engagement of key stakeholders and operationalisation of the instrument. It considers evidence about existing forms of engagement in the sector, useful forms of involvement in the instrument, and conditions for effective engagement and involvement of stakeholders. It provides a review of existing observatories in order to draw conclusions about the possible structure of each of the three proposed models and possible engagement tools.

Section VII discusses the evidence emerging from the study as a whole concerning the process of establishing such an instrument in general, and the feasibility of creating a European NPO Observatory with the specific framing and objectives set out by the European Commission in particular. It outlines the main conclusions and recommendations for the European Commission.
II OBJECTIVES AND PRINCIPLES

This Section establishes two benchmarks for assessment of the feasibility of a European NPO Observatory: 1) the objectives of the Observatory; and 2) the principles that should guide the process of creating an instrument of this kind and its subsequent operations.

The first benchmark was set by the European Commission in the Terms of Reference, which made explicit the objectives of an NPO Observatory within the context of the EC’s overall efforts to prevent and fight against criminal and terrorist financing and abuse.

The second benchmark was set by the research team who developed a set of principles that should guide both the establishment and operations of an NPO Observatory. As elaborated earlier in Section I, the exercise of establishing guiding principles was done based on a threefold analytical frame that was developed for this purposes. It was based on an analysis of grey literature, policy reports, academic writings and original data gathered through the survey and interviews.

1. Objectives of the NPO Observatory

As set out by the European Commission in the Terms of Reference for this study, the EU NPO Observatory is intended to advance six interrelated objectives, which emerge from the context of the EC’s Annual Work Programme 2009: Prevention of and Fight against Crime in particular and related counter-terrorism activities and policies more generally:

1) The main objective of the NPO Observatory is to facilitate the development and exchange between NPOs and their umbrella organisations of best practices as to how guidelines at national or at European level, existing as well as future ones, are implemented or will be implemented.

Further aims are:

2) To serve as a forum where NPOs of the EU can exchange and receive information on how to enhance their transparency and accountability in order to prevent them from being abused for terrorist financing purposes

3) To serve as a forum through which, if relevant, national and European authorities provide information for NPOs to enhance their transparency and accountability in order to prevent them from being abused for terrorist financing purposes

4) To serve as a platform to launch projects enhancing NPO capacities against financial crime and in particular terrorist financing abuse

5) To serve as a forum to exchange views on current topics and to demonstrate solutions found at national level or at European level to address the transparency and accountability aspect.

6) To serve as an initiative that could enhance and promote co-operation amongst NPOs in the field.
2. Determining the principles of an NPO Observatory

In order to determine the principles that should guide the process of creating a European NPO Observatory and its subsequent operations, a range of relevant data needs to be gathered and analysed, applying the earlier introduced threefold analytical frame.

This frame comprises the following three components:

First, general considerations need to be taken into account regarding the reality of abuse of NPOs for terrorist financing, the notion of transparency and accountability, as well as the range of already existing initiatives in the field.

Second, concerns expressed by key stakeholders need to be taken into account. Importantly, this component comprises the concerns and policy aims of the EC within the context of their fight against abuses of NPOs for terrorist financing and other financial criminal purposes. It also captures concerns of national regulatory bodies. At the same time, it captures concerns of European NPOs, especially their EU umbrella organisations, as key stakeholders whose buy-in is crucial for the success of the initiative. While the concerns of the EC are key for establishing the principles and value added of an EU NPO Observatory, it is essential to also take seriously the views of NPOs in order to be able to develop principles that are credible and reflect the need for the NPO Observatory to be modelled in a way so that it is seen and accepted by NPOs as an instrument beneficial to them in order to gain, sustain and improve their public credibility and legitimacy, by demonstrating their commitment to on-going improvement of institutional accountability and transparency, rather than as an instrument of ‘securitisation’ or ‘surveillance’ ‘from above’.

Third, broader considerations need to be taken into account regarding the practice of ‘securitization’ and the role of NPOs as important socio-political actors within contemporary societies. They help to determine principles that come up to the premise that there needs to be a balance between the vulnerability of NPOs to terrorist financing and other financial criminal purposes (and the implied necessity of putting into place initiatives that minimize these risks) and their contribution to socio-political life in the EU, its member states and beyond (and the implied imperative to foster an environment in which they can work constructively).

The following provides the basis for the establishment of the principles:

Component 1: Considerations regarding the reality of abuse of NPOs, the notion of transparency and accountability, and existing initiatives in the field:

a. Reality of abuse of NPOs

There is general agreement within contemporary public and political discourses that issues of financial criminal abuse and terrorist financing within the NPO sector are issues of concern that are to be taken seriously. As studies such as the EC-commissioned ‘Study to Assess the Extent of Abuse of Non-Profit Organisations for Financial Criminal Purposes at EU Level’ suggests

there is evidence that a number financial criminal abuses and terrorist financing within the NPO sector worldwide has occurred. The Financial Action Task Force (FATF) finds that “[t]error networks often use comprised or complicit charities and businesses to support their objectives”.10

The reality of financial criminal abuses and terrorist financing within the NPO sector worldwide triggers the need to reflect on the potential vulnerability of the NPO sector and measures to reduce risks. However, studies show that the exact scope of abuses is difficult to assess.11 The 2010 World Bank Working Paper, which reflects on terrorism financing by NPOs, notes “[t]he rarity of instances of terrorism financing by NPOs, when contrasted against the enormous scope of the sector.”12 Of course, the number of actual instances of financial criminal abuses and especially terrorist financing within the EU NPO sector in itself does not question the importance of initiatives and policies set in place within the context of the European Commission’s Annual Work Programme 2009: Prevention of and Fight against Crime in particular and related counter-terrorism discourses. But it highlights an important point: the issue is mainly about the potentiality of abuses, i.e. the risk of abuses, rather than about threats.13 This is a relevant issue to keep in mind within the context of a feasibility study of an NPO Observatory and, in fact, in thinking about its modelling, establishment and future work - not least because it explains the politically charged nature of the debate around the issue.

Looking at the stand of NPO umbrella organisations it is worth noting that within the NPO sector there is acknowledgement of the public concern about terrorism and an explicit willingness and interest in building up capacities in the sector to address the risk of abuses. Actors publicly stress that it is in their interest to have strong practices of accountability and transparency in place. “Our members are committed to a better and more inclusive policy process and we welcome all efforts to promote transparency and accountability of NPOs, as key elements to maintain and strengthen the credibility and effectiveness of our sector,” explains the EU Civil Society Contact Group in 2009.14 This is something that has also been recognised and expressed by participants of the 'Expert working group meeting on preventing abuse of the nonprofit sector for the purposes of terrorist financing', convened under the auspices of the UN Counter-Terrorism Executive Directorate (CTED) with the support of the government of Canada and hosted by the British government in January 2011: “NPOs have strong incentives to abide by norms of good governance. Within the sector, several initiatives have emerged to

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b. The notion of transparency and accountability

Over recent decades there has been an increasing interest in issues of accountability and transparency. This is apparent in the growing body of studies on the issue, and also in the increasing number of initiatives that the EC-commissioned study on ‘Recent public and self-regulatory initiatives improving transparency and accountability of non-profit organisations in the European Union’ identifies. Three main factors, which are closely related, account for the increasing importance of and interest in accountability and transparency.

First, the socio-political developments, which have come to be collected together under the label ‘globalization’, have led to a highly complex socio-political system, in which a variety of socio-political actors are active beyond the traditional realm and set procedures of (nation-state) politics. Second, the increasing interest in accountability and transparency is due to the enhanced professionalization of NPOs that we have witnessed over the past decades.

Third, although it is still high, there is evidence for a decline in public trust in NPOs or, putting it differently, there is evidence for that the trust in NPOs is not to be taken for granted anymore. The combined impact of these three factors means that there is a need for NPOs to actively engage in building up credibility as a key component of their political capital, that is, in building up an appearance of trustworthiness in order to be accepted as legitimate socio-political actors by other social actors operating within the public and political spheres. But credibility is a complex socio-political mechanism that is not easily pinned down. Importantly, it is not a fixed attribute that an organisation ‘possesses’. Rather, it needs to be constantly ‘created’ within social interactions. Accountability and transparency are two key components in order to ‘create’ credibility; hence, they are central to the successful operation and the organisational ‘survival’ of NPOs as socio-political actors.

Not at least the considerable number of existing self-regulatory initiatives that the study on ‘Recent public and self-regulatory initiatives improving transparency and accountability of non-profit organisations in the European Union’ discusses illustrates the high value and status that accountability and transparency have in the work of NPOs. As suggested in the previous

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section, NPOs have strong incentives to develop and follow accountability and transparency standards. Yet, neither accountability nor transparency are straightforward concepts or practices; there are different definitions of each and a variety of different dimensions that one could take into account when dealing with them;20 “[a]ccountability and transparency can be achieved in a number of ways.”21 There is not simply one way to be followed or a single model to be applied; this is especially true within the context of the EU with its very diverse NPO sector. Like credibility, accountability and transparency are complex social mechanisms rather than one-dimensional and clear practices.22

In its communications, the EC does not provide a comprehensive definition of transparency or accountability but its recommendations imply an understanding that is, first, ‘upwards’-focused (oriented towards governments, donors and the wider public), and, second, that is shaped by the managerial language that has come to shape global policy discourses more broadly. This approach to accountability and transparency has many advantages as it can be relatively easily translated into clear recommendations and policy measures.

Yet, there is also value in broadening this approach, especially within the context of an EU NPO Observatory. In particular, a broader conception of accountability and transparency takes into account the important context of credibility, the bedrock of accountability and transparency for NPOs. As such it takes into account that for NPOs there is more to the issue of accountability and transparency (as key components of their struggle for credibility) than the ‘upwards’-focus. This ‘more’ is for instance the relationship with beneficiaries, that implies a ‘downward’-focus. Given that the 2012 FATF Recommendations (like previous recommendations as well as relevant EC communications) stress the importance of a “know your beneficiaries”-rule23 a broader notion of accountability and transparency could be beneficial in this respect.

More generally, as the study on ‘Recent public and self-regulatory initiatives improving transparency and accountability of non-profit organisations in the European Union’ suggests, a broader notion of accountability and transparency would enable institutions/actors “to capitalize on initiatives that are key to increasing accountability and transparency of NPOs but are currently not seen as directly relevant to minimizing risk of abuse in the NPO sector.”24

c. Range of relevant existing initiatives

The third dimension of the first Component of our analytical frame relates to the range of relevant existing initiatives. The study on ‘Recent public and self-regulatory initiatives improving transparency and accountability of non-profit organisations in the European Union’\textsuperscript{25} illustrates the multiplicity of self-regulatory and public regulatory initiatives to improve NPO transparency and accountability in the overall context of international and European initiatives to address the risk of NPOs being used as a conduit for terrorist financing.\textsuperscript{26} The nature of existing initiatives will be of relevance in the development of possible models for an NPO Observatory in WP3. In thinking about principles on which an NPO Observatory could be built, four different observations are worth being taken into the pool of considerations at this stage.

Firstly, as the study on ‘Recent public and self-regulatory initiatives improving transparency and accountability of non-profit organisations in the European Union’ suggests, while there is a range of initiatives, “Europe-wide self-regulatory initiatives are few. […] the bulk of self-regulatory initiatives have taken place on a national or sub-sectoral level. Nevertheless, in recent years indications have grown that European NPOs may be ready for region-wide standards.”\textsuperscript{27}

Secondly, there is a strong view within the NPO sector that the set of existing initiatives and practices is sufficient to ensure transparency and accountability; NPOs especially stress the effectiveness of existing self-regulatory initiatives and practices. This point is also echoed in one of the key observations at the UN Counter-Terrorism Executive Directorate (CTED)-convened ‘Expert working group meeting on preventing abuse of the non-profit sector for the purposes of terrorist financing’, which finds that “[i]n many cases NPOs already take strenuous efforts to ensure that they are not open to abuse through their own systems and procedures.”\textsuperscript{28}

The third point worth taking into consideration is a particular finding of the EC-commissioned study on recent initiatives; the study finds that the most successful initiatives have been those that built on consultation and joint design.\textsuperscript{29}

The fourth observation that is worth being highlighted and considered at this stage in our project is that the bulk of relevant existing debate about regulatory initiatives revolves around the desirability, greater or lesser, of additional public or self-regulatory initiatives, such as an European code of conduct, in order to avoid financial criminal abuse and terrorist financing of NPOs. In other words, there is a comprehensive debate and sets of statements and studies that are concerned with regulations and the issue of NPO accountability and transparency within the context of terrorist and criminal abuse in general, yet, there is less comprehensive and productive debate about what - if anything - is missing in existing initiatives. The former debate seems to side-line the latter, which, again, is a manifestation of the apparently loaded political nature of the

\textsuperscript{25} Ibid.
\textsuperscript{26} The study identified a total of 140 initiatives; ibid., p. 6.
\textsuperscript{27} Ibid., p. 116.
issue, which was mentioned earlier and, according to the European Center for Not-for-Profit Law, is also behind the fact that there are only few Europe-wide initiatives: “The main reasons for [the relative lack of Europe-wide initiatives] probably include the diversity of the region and NPO resistance to the imposition of general standards, as they see in them the multiple risks of unresponsiveness to local needs, stifled creativity, and open doors through which state bodies can emerge to control the sector.”30 While the fact is to be acknowledged that categorical debates tend to side-line concrete statements and suggestions about concrete shortcoming in existing initiatives and a potential value added of new initiatives, at this stage there are some fruitful points to be found in the discussion.

Firstly, shortcomings in current practices that relate to the ‘know your beneficiary’ rule are highlighted. For instance, the EC-commissioned study on recent public and self-regulatory initiatives finds that this rule is only “scarcely covered” in current practices under current regulatory initiatives.31 This shortcoming is due to above mentioned fact that initiatives are often informed by a narrow notion of accountability, i.e. a notion of accountability that is only upward looking, that is, donor oriented, rather than upward and downward looking, that is, also taking beneficiaries into account. Secondly, the European Foundation Centre, Cordaid and the Samenwerkende Brancheorganisaties Filantropie suggest in their comments on a 2010 EC discussion paper on voluntary guidelines for EU-based non-profit organisations32 that there is a gap in terms of the provision of concrete (legal) information from the side of the EU and member states.33 For these NPO umbrella organisations “the Commission at EU level and Member States in their respective jurisdictions could play a useful role in documenting / clarifying counter-terrorism legislation and its implications for NPOs.”34 They argue that “DG Home’s current proposed responsibilities for NPOs set up expectations of action without giving corresponding information from the EU or Member States to allow for due diligence. For instance NPOs are “expected” to check if their employees / partners are suspected of being involved in activities relating to terrorism. However, the June discussion paper[35] does not specify which (governmental) lists of proscribed / designated organisations and individuals these employees/partners would be checked against. Additionally, DG Home’s discussion paper does not address liability or other legal implications that this process would have for NPOs. The same applies with regard to suspicious activity reporting.”36 In addition to these points, worth noting is the suggestion brought forward by the EU Civil Society Contact Group concerning the specific added value of the EU (in contrast to national regulatory bodies) within the current set of initiatives and practices. The CSCG suggests that the role of the EU could be to facilitate the “exchange of information and good practices, while practical measures, when needed, should be

31 Ibid., p. 7.
34 Ibid., p. 18.
36 Ibid., p. 1.
taken at national level.” This is echoed and substantiated by the EFC that sees an added value in the establishment of a contact group on EU level “to clarify future developments in the field,” and that envisages the role of the EU as “that of a facilitator to assess policy impact, support research, exchange of information and practices between stakeholders.”\footnote{EU Civil Society Contact Group (2009) Contribution on NPO transparency and counter-terrorism. 19 March, p. 1. http://www.act4europe.org/code/en/actions.asp?id_events=142 (last accessed: 01 March 2012).}

**Component 2: Concerns of key stakeholders**

**a. The European Commission**

The concerns of the EC emerge from within the context of the 2009 Annual Work Programme for ‘Prevention of and Fight against Crime’ in general and the Commission Communication 2005(620) in particular, which implies that the risk of abuses of NPOs for terrorist financing purposes is of particular concern. Its main concern regarding the creation and work of an EU NPO Observatory is to pursue policy, which emerges from within this broader discourse, that effectively addresses European NPOs’ vulnerability to terrorist financing. As implied in one of the key objectives of the EU NPO Observatory this is to be achieved through enhancing NPOs’ capacities in terms of accountability and transparency.

Importantly, the EC’s main concerns regarding the vulnerability of NPO abuses for terrorist financing purposes are embedded in a set of principles that express the EC’s position towards and its understanding of the European NPO sector and its socio-political role. As evident in a variety of Communications, such as the ‘Thematic Programme for the promotion of democracy and human rights worldwide under the future Financial Perspectives (2007-2013)’\footnote{Commission (EC) (2006) Thematic Programme for the promotion of democracy and human rights worldwide under the future Financial Perspectives (2007-2013). Communication COM(2006) 23 final.}, the European Commission acknowledges the important social contribution of the NPO sector. In particular, in the Annex to the Commission Communication on ‘The prevention of and fight against terrorist financing through enhanced national level coordination and greater transparency of the non-profit sector’\footnote{Commission (EC) (2005) The prevention of and fight against terrorist financing through enhanced national level coordination and greater transparency of the non-profit sector. Communication COM(2005) 620 final, p. 11.}, a number of principles that concern the accountability and transparency of European NPOs are identified as guiding EC and Member State-initiatives and security policies.

Within the context of a feasibility study of an EU NPO Observatory five of these principles are particularly noteworthy. First, the EC stresses that the aim of its recommendation to Member States is to minimise the “risk of abuse without over-burdening the sector”. Second, it makes clear that the “implementation of the Recommendation to Member States and the Framework for a Code of Conduct should not jeopardise the efficient provision of emergency relief and other non-profit activity where needed.” Third, it cautions that “[c]are must be taken to ensure that nothing is done that could undermine the work or reputation of the vastest majority of


NPOs legitimately operating at national, EU and international levels.” Fourth, in reference to the 1997 Commission Communication ‘Promoting the role of voluntary organisations and foundations in Europe’, it acknowledges that “NPOs in the European Union are very heterogeneous in size and legal form” and stresses that “[f]or reasons of diversity, it would be appropriate to avoid a ‘one-size-fits-all’ approach.” And finally, it stresses the necessity to take into account the diverse nature of NPOs and adjust accounting and reporting requirements to the size of NPOs “[i]n order to avoid overburdening NPOs with excessive administrative requirements”; in a footnote it further recommends “Member States might determine other criteria (e.g. areas of activity) for NPOs subject to simplified accounting and reporting requirements.”

b. The NPO sector

European NPOs and their umbrella organisations are generally aware of and acknowledge the public concern about terrorism and show an explicit willingness and interest in building up capacities in the sector to face the risk of abuses. Actors publicly stress that it is in their interest to have strong practices of accountability and transparency in place. The array of self-regulatory mechanisms that the study on ‘Recent public and self-regulatory initiatives improving transparency and accountability of non-profit organisations in the European Union’ finds, including initiatives such as the INGO Accountability Charter, HAP International, The Sphere Project and the Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP), illustrates this point.

Nevertheless, there is a lively and often critical debate in the sector with regard to (new) regulations and related policies and initiatives. It is important for our study to understand these concerns and critically evaluate them in order to be able to develop the principles on which an EU NPO Observatory needs to be built in order to reach its objectives, while, at the same time, following the two major concerns of striking a balance between the necessity of fighting the abuse of NPOs for terrorist financing and other financial criminal purposes and protecting and fostering their important contribution to socio-political life in Europe and beyond, as well as ensuring a buy-in of key stakeholders in the NPO sector.

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46 http://www.ingoaaccountabilitycharter.org
47 http://www.hapinternational.org
48 http://www.sphereproject.org
49 http://www.alnap.org
51 Ibid., p. 116.
As mentioned above, a general observation is that actors within the NPO sector stress the sufficiency of the existing array of self-regulatory and public regulatory initiatives to enhance transparency and accountability. There is an explicit rejection of initiatives that propose an additional European layer of regulations; for instance, the EFC argues, “[t]here is no scope for specific legislation or a general Code of conduct regarding Transparency and Accountability (T&A) of foundations at EU level.” Although the objective of an NPO Observatory is clearly not about European wide regulations, data gathered through our interviews show that there are concerns that it would constitute a first step into this undesired direction. One interviewee used the metaphor of a ‘Trojan horse’ to express this.

This general point is related to the first of seven main concerns that are articulated by actors within the NPO sector and that are of interest for the purposes of our study. These seven concerns are sketched in turn.

1) Proportionality and exaggeration of the existing threat

The first concern that NPOs articulate relates to the perceived disproportionality of measures taken and / or suggested. There is a strong feeling that the discourse is shaped by an exaggeration of existing threats. In other words, there is a feeling that the discourse is shaped by an idea of existing threats rather than potential risks. As NGOs fear, this kind of discourse damages the public perception of the sector as a whole. On the one side, there is the fear of a general public suspicion towards NPOs caused by this ‘securitization’ of the sector as a whole. Being specifically concerned about the charities sector in the UK, a paper commissioned by the National Council for Voluntary Organisations (NCVO) for instance stresses the problem of this general suspicion, highlighting that “the initiatives proposed thus far have been very heavy handed: for example, they tended to assume that because a small number of charities have been implicated in investigations into terrorist activity, all charitable organisations are at risk.” On the other side, there is the fear that generalisations and the exaggeration of existing threats could lead to “harmful side effects in terms of NPOs’ independence of work and protection when acting in sensitive situations.” Many organisations draw attention to the fact that the discourse of terrorism is a powerful discourse that can be easily misused for political purposes in order to discredit actors, e.g. when applied to frame human rights NPOs that are working within the context of oppressive regimes. Above and beyond, there is concern in the sector about “an apparent double standard in the EC approach, which does not seem to address with the same attention other important potential sources of terrorism financing, such as the business sector (through ‘paid services’ for example), when considering the transparency of legal entities.”

2) Sufficient consideration of the diverse nature of the European NPO sector

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55 Ibid.
Another main concern expressed by NPOs relates to what is perceived as a lack of understanding of the diverse nature of the European NPO sector on the side of EU policy makers and regulators. As participants in the ‘Expert Working Group Meeting on Preventing Abuse of the Non-Profit Sector for the Purposes of Terrorist Financing’ suggest, “[k]nowledge of the sector is critical in regulating NPOs. The sector is remarkably diverse.”\footnote{Center on Global Counterterrorism Cooperation (2011) Expert Working Group Meeting on Preventing Abuse of the Non-Profit Sector for the Purposes of Terrorist Financing: Key Observations of the Organizers. Lancaster House, London, 18-20 January, p. 2.}

Yet, NPOs perceive a lack of understanding, e.g. manifest in what is perceived by them as one-size-fits-all-approaches that they feel inform many (proposed) initiatives. On the one side, this critique is brought forward in light of the different sizes of NPOs, reflected in their respective resources. The sector is concerned about the fact that there is a higher burden on smaller NPOs when it comes to complex regulations, hence, there is the demand that there needs to be a balance that avoids the destruction of the sector in general and less resourceful NPOs in particular. On the other side, there are demands that the specific field (e.g. human rights advocacy, service provision etc), in which different NPOs are active, needs to be taken into account in thinking about initiatives related to NPO regulation. Overall, the diversity of different national contexts with different legal environments and notions of ‘civil society’ is stressed as a crucial factor to be taken seriously.\footnote{See also the discussion of the treatment of NPOs in common law versus civil law, in European Center for Not-for-Profit Law (2009) Recent public and self-regulatory initiatives improving transparency and accountability of non-profit organisations in the European Union. Commissioned by the European Commission Directorate-General of Justice, Freedom and Security, submitted by the European Center for Not-for-Profit Law, Contract number: JLS/D2/2007/07, April 2009, p. 11-13, http://ec.europa.eu/home-affairs/doc_centre/terrorism/docs/initiatives_improving_transparency_accountability_npos_avr09.pdf (last accessed: 01 March 2012).}

3) Conflation of goals or ‘mixing apples and oranges’

A large number of interviewees stated that accountability/good governance goals and objectives are distinct from concerns surrounding the potential of terrorist abuse of NPOs in Europe. They argued that while all NPOs are concerned with strengthening their accountability mechanisms and ensuring their public credibility, linking this with the counter-terrorism agenda is problematic and that those two objectives should be kept separate and remain distinct. As one respondent stated:

I suggest that the first step should be to bring together key NPO networks in the EU in a series of roundtables. These should decide the objective (e.g. better communication or improving standards, map existing networks, to identify gaps etc.) At the moment, the questions [in the survey] suggest that the Observatory would try to be a watchdog over NPOs as well as a friend to them; these seem to be contradictory objectives. [Respondent Category 3]. [emphasis added]

4) Sufficient recognition of the important contributions of NPOs to democracy, social inclusion, social cohesion, counter-terrorism etc.

A fourth main concern brought forward by NPOs is closely interlinked with the above second one as it is about the perceived lack of recognition of the important contribution that NPOs make to enhance democracy, social inclusion, and social cohesion, and, with that, to endeavours of countering terrorism. NPOs are concerned that their political contribution is not taken seriously, i.e. that they are framed and treated as a problem rather than as a solution to (some of the underlying socio-political problems) that nurture terrorism. A recent
study of the Kroc Institute demands that NPOs be perceived as “friend not foe” and spaces be opened for them to help prevent violent extremism.  

5) Adequate and genuine consultation

Another recurrent concern that NPOs express addresses the perceived lack of sufficient consultation in regard to initiatives and measures. Despite the fact that it is widely acknowledged that “[o]utreach is critical if NPOs are to become partners and stakeholders in regulation”, as the participants at the 2011 Expert Working Group Meeting on Preventing Abuse of the Non-Profit Sector for the Purposes of Terrorist Financing observe, NPOs have the feeling that there are shortcomings in adequate and genuine consultation when it comes to proposals and initiatives on EU level. One of the NPO briefing paper suggests that “EU institutions should further enhance consultation and collaboration with NPOs, which are themselves best placed to develop transparency and accountability measures, as well as to determine how to train their members against such abuses.”

The demand for more openness, transparency and genuine consultation on the side of policy makers and regulators is often expressed sharply, like in the statement of the EU Civil Society Contact Group concerning the procedures of the process that invited NPOs to comment on the EC-commissioned ENCL study in February 2009. At other times it is less obviously expressed, such as in the European Foundation Center’s suggestion that “[a]ny EU Handbook of NPO transparency initiatives should be conceived as an online resource building on existing materials on self-regulation and co-regulation approaches”, the request of an online initiative is to secure the possibility of infinite and easy editing by many, rather than definite writing by few.

6) Narrow understanding and application of accountability

NPOs express serious concerns about the applied notions of accountability and transparency; they are perceived as too narrow in two different respects. First of all, there is the concern that the applied notions of accountability and transparency are one-dimensional.  

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62 EFC (2009) Preliminary Comments on the recommendations of the Matrix Study to assess the extent of abuse of non-profit organisations for financial criminal purpose at EU level. 29 November, p. 2; emphasis added.
63 Please note that while one may not agree with these views per se, given that a number of NPO umbrella organisations point to the perceived lack of adequate consultation, these views need to be critically examined in our study as they are relevant for the feasibility of the NPO Observation. As part of WP2 we are conducting a Stakeholder Analysis. The purpose of using the Stakeholder Analysis technique is to gain a strategic view of the human and institutional landscape and to establish the advocates/supporters and potential critics/blockers of the NPO Observatory. The benefit of the Stakeholder Analysis technique is that it allows for an assessment of the level of interest, support, influence and receptiveness of the relevant stakeholders and an examination of potential issues that could lead to the reluctance by NPOs to partake constructively. If key stakeholders’ views are not examined, acknowledged and taken into account, at least minimally, there is a risk that they may undermine the proposed NPO Observatory and its objectives.
in that they primarily focus on upward relationships, i.e. relationships between NPOs and donors / regulators. Secondly, there is the concern that a narrow focus on accountability and transparency as being primarily seen as means to counter terrorism is counter-productive. The EU Civil Society Contact Group, for instance, argues that “the EU Counter-terrorism concerns should not overlook the other obligations of the NPO sector, and the EC should address transparency and accountability issues under a wider and mutually reinforcing approach.”\(^{64}\) They are concerned that a “pure counter-terrorism approach would create the feeling that initiatives are singling out the NPO sector without justification rather than contributing to strengthening it, and would jeopardize ownership by NPOs.”\(^{65}\) In other words, they suggest that a narrow notion of accountability and transparency bears the danger of losing the buy-in of NPO actors into regulatory initiatives.

7) The power of framing

A final main concern in the NPO sector is the issues of framing. This concern is twofold. First, it relates to the power of the frame ‘terrorism’. Interviewees from stakeholder group 2 pointed out that they are concerned that it might hamper their working relations with local actors if they are associated with an initiative like an NPO Observatory that is associated with DG Home and explicitly linked to anti-terrorism measures. This is not because their local partners are linked to terrorism but simply because of the general scepticism that ‘Northern’ anti-terrorism measures have caused across many countries in the Global South. Second, interviewees were insistent that an NPO Observatory should embrace a positive model of engagement which seeks to recognise the important social, economic and political contributions NPOs make in Europe; i.e. frames it in a positive way rather than a negative one. Part of this concern is the name ‘Observatory’ which was widely perceived as negative.

c. National-level regulatory and accreditation bodies

Public regulatory bodies of EU member states are by nature concerned with the accountability and transparency of NPOs in their respective jurisdictions. However, their nature and tasks, hence, their specific concerns differ from one context to the other; the field of existing bodies and related initiatives is diverse and heterogeneous. This is not least due to the fact that there are different ideas of the socio-political role of NPOs held in different cultural contexts in Europe. However, a major shared concern that became clear from our survey and interviews was that any new initiative must not duplicate existing initiatives and add unnecessary costs. There was a shared concern about a clear added value of the instrument. It is also noteworthy that some of these actors were rather reluctant to engage with us as they suggested that they did not see the underlying problem that the instrument is supposed to address an issue of major concern to them and the non-profit sector in their countries.

Component 3: Broader considerations regarding the practice of securitization and the role of NPOs as socio-political actors

a. The practice of securitization


\(^{65}\) Ibid.
The first dimension of the third Component relates to the practice of ‘securitization’ as developed by the Copenhagen School, or, putting it differently, it relates to the dynamics of ‘securitization’; practices as initially outlined by Buzan, Wæver and de Wilde in 1998 and, in the years since then, further developed and widely discussed within academic security discourses.66

This dimension takes into account two interlinked dynamics. The first of these dynamics takes into account the broader socio-political impact of those regulatory initiatives that aim to counter the potential abuse of NPOs for terrorist financing purposes, and, in fact, includes the very public debates about the necessity of these initiatives. This means that it regards these initiatives as more than changes to practices, e.g., to legal procedures, holding that the debates about such changes are a product of, and feed back into, broader social discourses that are then re-shaped. In a recent study Ben Hayes looks specifically at the recommendations of the Financial Action Task Force (FATF) and points out how counterterrorism measures, such as the recommendations of the FATF, have shaped the discourse even if they are not necessarily actively and obviously applied.67 As such, and as Hayes demonstrates, they are inevitably shaping the environment in which NPOs operate.68 As we have seen above, one of the potential negative implications of this subtle discursive change is the danger that a general public suspicion towards NPOs could follow.69

The second of the two interlinked dynamics included in this dimension takes into account that these debates about and the establishment of initiatives to prevent terrorist abuse of NPOs are inevitably practices of ‘securitization’. This means that they are practices that lift objects/topics/subjects into the discursive realm of security.70 This is relevant because, as Michael Dillon and a number of other scholars have illustrated, the realm of security is a highly politically charged realm.71

Importantly, critically taking into consideration ‘securitization’ practices and their (potentially) problematic socio-political consequences is not to be mistaken as a questioning of security policies per se. To be clear, ‘securitization’ cannot be avoided but needs to be reflexively evaluated – especially within the context of an initiative like an EU NPO Observatory that builds on the EC policy-inspired premise that NPOs play an important socio-political role in Europe and beyond.

b. NPOs as civil society actors

The second dimension of the third Component that plays into our analytical frame relates to the notion of NPOs. This dimension takes into account that there is another understanding of NPOs than the one that underlies and shapes the current policy discourse on measures to prevent abuses of NPOs. The current discourse is shaped by a notion of NPOs as service providers, as “a vital component of the world economy and of many national economies and social systems that complements the activity of the government and business sectors in supplying

68 Ibid.
a broad spectrum of public services and improving the quality of life.”

This notion of NPOs rests on an understanding of civil society, as a third sector within the context of liberal democracy. Jude Howell and Jenny Pearce call this an ‘American’ notion of civil society; Mary Kaldor speaks of a neoliberal idea of civil society, in which NPOs are framed as actors whose function it is to ‘stabilise’ the status quo of liberal democracy. There are many advantages to this notion of ‘civil society’ but there are also benefits in broadening and revising it because, inevitably, as many authors suggest, this notion of NPOs carries with it the risk of a depoliticisation of and generalisation about NPOs and their work.

By contrast, a fruitful alternative conception of NPOs flows from what Howell and Pearce call a ‘European’ notion of civil society and what Mary Kaldor labels an ‘activist’ notion of civil society. Both these terms refer to a different philosophical tradition, one in which civil society is understood as the realm of public discourse and political emancipation. Consequently, what follows is a much more ‘political’ understanding of NPOs as important socio-political actors that have a much broader and fundamentally important role within societies, linked to social cohesion and social integration rather than just to the provision of services or the complementation of the ‘activity of the government and business sectors’, as the Council of the European Union suggests. This ‘European’ notion of civil society captures aptly the understanding of the NPO sector and their important socio-political role as implied in many Communications of the EC (refer back to section 7.2.2, first dimension).

3. Principles for the instrument

The above analysis provides the basis for a set of seven (7) principles we identify as important to take into account and to guide both the process of establishing a European NPO Observatory and its operations.

1) The first principle is to ensure that the establishment and work of an NPO Observatory are aligned with the key concerns of the stakeholders

   a. Regarding the European Commission this means taking seriously the risk of abuse of NPOs for terrorist financing and other financial criminal purposes and addressing effectively the perceived vulnerability of the NPO sector from within the broader context of the 2009 Annual Work Programme for ‘Prevention of and Fight against Crime’ in general and the Commission Communication 2005(620) in particular.

   b. Regarding NPOs and their umbrella organisations this means acknowledging the important role they play within societies, the diversity of the sector in terms of sub-sectors, types of actors and national legal contexts and their concern about the framing of the initiative. Furthermore, it means not replicating existing initiatives and mechanisms but identifying a clear added value in order to avoid unnecessary costs.

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c. Regarding national regulatory and accreditation bodies this means not replicating existing initiatives and mechanisms but identifying a clear added value in order to avoid unnecessary costs.

2) The second principle is to follow a ‘European’ approach to civil society, hence, apply a conception of NPOs as crucial socio-political actors.

3) The third principle is to understand the important role that NPOs (understood as civil society actors) can play as a solution to the threat of terrorism.

4) The fourth principle refers to the nature of the interaction between the key stakeholders, encouraging debate and deep engagement, rather than simply exchange.

5) The fifth principle is to apply a broad notion of accountability and transparency that not only takes into account downward accountability but, furthermore, follows an understanding of accountability and transparency that takes them as social mechanisms within the context of the ‘political’ process of achieving credibility.

6) The sixth principle is to take a reflexive and critical approach to the danger of the ‘securitization’ of the NPO sector (in the sense elaborated above).

7) The seventh principle, building on the findings in the EC-commissioned study on existing initiatives, is to build on consultation and joint design.
III ACTORS AND STAKEHOLDERS

Section III maps the actors that could be involved in the creation and work of a European NPO Observatory. In mapping these actors, three considerations must be taken into account. First, what are the main types of stakeholders that are relevant to the overall purpose of the instrument and the specific objectives set out by the European Commission in defining its main tasks? Second, what is the significance of these stakeholders in terms of their ability to shape the process and its outcome, and what is their level of support and receptiveness to the initiative? And, finally, what are the key actors whose involvement is needed in order to ensure the success and sustainability of the initiative and what are the issues that need to be taken into account in order to secure their support? This section addresses each of these questions in turn, drawing primarily on analysis of the evidence gathered with the survey and semi-structured interviews with stakeholders.

1. Stakeholders in the instrument

There are four main types or groups of stakeholders that are relevant to a European-level instrument geared to promote the objectives set out by the European Commission. The first group includes the institutions of the European Union, especially the EC which has been driving the process for a number of years, and other regional organisations that have been engaged with these questions, such as the Organisation for Security and Cooperation in Europe (OSCE) and the Council of Europe (CoE). The second group of stakeholders includes those national-level bodies and organisations that are involved in regulation and accreditation of the non-profit sector in the members states. As already noted, not all members state have public regulators and therefore it is important to include also private governance actors. The third group of relevant stakeholders includes umbrella organisations and networks of NPOs, especially those that have a European-level focus and/or pan-European membership base. The fourth main type of stakeholders is, of course, European NPOs themselves. This is a very large group, which comprises potentially all NPOs that are based in, but not necessarily operating only or mainly in, EU member states.

In the course of conducting the study, we came across some ideas for an expanded range of potential stakeholders. In the workshop we organised to discuss our preliminary findings, it was suggested that it may be useful if the instrument also fosters engagement between NPOs and law-enforcement agencies or interior ministries. In theory, such actors could provide useful information such as statistical data, reports on incidents or judicial records. In practice, however, given the nature of involvement of such bodies in the field of fighting financial crime, and especially the efforts to fight terrorism and the national security concerns they raise, there is little scope to consider such actors as stakeholders that could be productively engaged in a European-level NPO Observatory. Moreover, bringing the instrument within the ambit of such agencies is likely to be met with resistance by those in the sector who already harbour concerns about ‘securitization’ and the potential surveillance functions of the instrument.

1.1 Analysis of stakeholders

In assessing the significance of relevant stakeholders and their involvement in an NPO Observatory, the study employs the Stakeholder Analysis technique to gain a strategic view of the human and institutional landscape and to establish the advocates/supporters and potential
critics/blockers of such an initiative. The benefit of this technique is that it allows for an assessment of the level of interest, support, influence, and receptiveness of the relevant stakeholders and an examination of potential issues that could lead to reluctance to become involved and partake constructively. A matrix of four dimensions is been used to map the stakeholders on a grid representing their attitudes regarding the proposed observatory. It anticipates what the stakeholders’ the level of support for the instrument is likely to be based on analysis of survey data and interview findings. The Stakeholder Analysis also considers how much influence these stakeholders will have over their clients, constituents, or beneficiaries. The four dimensions included in the Stakeholder Analysis are:

- Power (high, medium, neutral low);
- Support (high, medium, neutral, low);
- Influence (high, medium, neutral, low); and
- Receptiveness (high, medium, neutral, low).

The Stakeholder Analysis technique is intended for effective risk identification and mitigation and provides a usable approach to visualizing many different stakeholders.

a. **Stakeholder Category 1: European institutions and organisations**

The respondents in this category were fairly open to the creation of an EU-level NPO Observatory. In analysing the survey and interview data, we found that in order to secure the support and participation of respondents in Stakeholder Category 1, the Observatory will need to have a clear value added and avoid duplicating existing initiatives and structures. As one respondent from this category said,

> “Of course there is much diversity among the hundreds of thousands of NPOs across Europe, but we can say that the most in need [of capacity building about terrorist threats] are the small or medium NPOs. It isn’t the large NGOs that are under threat, they have safe guards, it’s the smaller one that need to be reached out to.” [Respondent in Stakeholder Category 1]

The same respondent further added that the Observatory could fulfill an important function by providing legal advice or helping to translate and adapt good practices to small or medium NPOs and serve as a “centralized clearinghouse to make sense of multiple national and even NPO self – regulatory initiatives.”

In spite of the expressed support, we still discovered a certain degree of ambivalence about the level of risk abuse of NPOs for terrorist financing purposes. As one respondent from Stakeholder Category 1 stated,

> “The NPO sector in Europe is a diverse space; there are multitudes of NPOs and 1000s of organisations across Europe. 99.99% of NPOs are working fine and the threat of terrorist abuse is quite minimal. [His organisations] reports and findings indicate that the threat is minimal. Of course there are minority, religious or ethnic groups and there are some issues around them, but you can’t generalize because the size of the sector is huge.” [Respondent in Stakeholder Category 1]

The actors and stakeholders in this category could potentially contribute to the Observatory by making available their experience and expertise in the process of establishing the instrument and could engage productively once it its put in place. Their participation and support can contribute to the success of the initiative. As far as generating support within the non-profit sector is concerned, however, these actors can only play a limited role, since they usually don’t have
sustained and immediate contact with individual NPOs. The important exception in this respect is the European Commission, the main driver of the initiative so far.

**Risk/Potential Obstacles**

In the best case scenario, the vast majority of stakeholders in this category will be supporters of the NPO Observatory and lend their support and participation. In the worst case scenario, they will remain neutral and disengaged. It is unlikely that any of the actors in this category will be blockers or critics of the Observatory.

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**Table 1 - Assessment of Stakeholder Category 1: European institutions and organisations**

b. **Stakeholder Category 2: National-level regulatory and accreditation bodies**

There is great variation between EU member states in terms of the level of development and strength of civil society; the legislative, regulatory and monitoring frameworks; and the legal and judicial systems (e.g., common law versus civil law systems). In some member states, registration and regulation occur at the national level, whereas in others the process is de-centralized and takes place at the local or municipal level. There are also political differences in terms of how NPOs, as part of civil society, are viewed and valued across Europe.

The Observatory faces the challenge of offering services and trainings that can be useful and relevant for NPOs across the EU because in addition to the differences between member states, there is also a great deal of diversity among NPOs in Europe in terms of the size, scope, level of professionalization, experience and topics covered. It was unclear to many respondents how a single, most likely Brussels-based observatory would cater to the needs of such a diverse constituency. As one respondent from Stakeholder Category 2 noted,

> The NPOO may find it difficult to work across all of these countries. What information would they provide and collect that would be relevant for all? From the point of view of a government regulator, we find that governments tend to be insular and they don’t look overseas on how to do things. So a NPOO maybe could offer lessons but it isn’t entirely clear who would be willing to draw upon those lessons?”[Respondent from Stakeholder Category 2]

Another respondent echoed these sentiments and added,

> “There are 1000s of NPOs across Europe; the NPOO can’t meet the needs of all. Basically what is needed is a clear and specific scope…which should be the facilitation of co-sharing of experiences, studies, and capacity building.”[Respondent from Stakeholder Category 2]

Respondents from this category tend to agree that sharing experiences and best practices could be an important contribution that the Observatory could make at the EU level. One respondent stated:

> I don’t see a gap in terms of a communication platform, as there are already a variety of umbrella organizations that have their own connections to the [European] Commission and to Brussels. There is already a big variety of such umbrellas. It’s better to have more concrete set of capacity knowledge and
services that could be shared to address risks and enhance capacities of NPOs. Especially to address risks as this is not in the interest of most umbrella organisations. So the Observatory could contribute to address risk assessment [Respondent from Stakeholder Category 2].

This latter point indicates that one of the clear and distinct benefits of the Observatory could be in making available information, knowledge and capacity building about risk and risk assessment. Indeed, a number of respondents noted that a useful contribution that such an instrument could make is to serve as a European-level collection point where examples of good practice and relevant case studies could be collated and accessed.

Risk/obstacles
This group of stakeholders have a great deal of power since they are the registrars and regulators of NPOs in the member states. In some cases, though not all, they have the power to investigate and sanction NPOs. If there is buy-in and these actors embrace the objectives of the Observatory, they can provide information, case studies, and even act as a referral system by directing NPOs to the Observatories for relevant information or services that the instrument provides. However, since some of these actors already provide a range of services and trainings through their existing institutions, there is a risk that they may view the Observatory as duplication of their work or as lacking value and irrelevant.

One respondent was very keen to point out that in these times of austerity and budget cuts, the Observatory should not look to them for funding or financial support and added, “the NPOO will have to be resource lite” and avoid making great demands on the time and finances of member state regulators, who are already facing difficult conditions (Respondent in Stakeholder Category 2). Along this same line, another respondent stated:

“The Observatory should not be very expensive to join and should have an easy to access website…if we see it as being expensive to access or too much work, then we don’t see the need [it is filling] or the value added [of the NPOO].” [Respondent in Stakeholder Category 2].

This group of actors could potentially support the establishment of an Observatory not only in spirit, but perhaps even financially. However, the value added of the instrument is not yet clear to many of them and if they see the instrument as imposing significant costs without offering clear benefits (e.g., too high a membership price for member state bodies, or imposing significant demands on time and resources) these actors are likely to ignore the Observatory, dismissing it as irrelevant. Moreover, the current overall framing of the instrument in terms of abuse of NPOs for terrorist financing purposes is called into question. Given the range of challenges that NPOs in Europe face, the narrow focus on terrorist financing is called into question. As one respondent told us, “terrorism is one type of abuse NPOs need to tackle, but there are all kinds of abuse. The NPO Observatory would succeed if it addressed the broader challenges instead of singling out terrorist abuse” (Respondent in Stakeholder Category 2).

Table 2 - Assessment of Stakeholder Category 2: Member State public regulatory bodies and accreditation organisations

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c. **Stakeholder Category 3: Umbrella organisations**

There are hundreds of thousands of NPOs in the member states of the EU. Reaching out to them and informing them about the activities and services of the Observatory is unrealistic without the support and participation of the umbrella organisations who serve as the middleman/brokers between the Commission and NPOs across Europe.

The umbrella organisations are large, professionalised organisations that are often based in Brussels or London and have hundreds, in some cases thousands, of members. Umbrella organisations conduct research; organise workshops, trainings and conferences for their members; and through their direct links with relevant European Commission agencies and offices, they often provide platforms for consultation and policy dialogue between their networks of members and the European Commission. The umbrella organisations are often focused on particular issues, whether human rights, environment, development, or minorities, and so they engage with the EC on an issue-related basis. Many umbrella organisations are already well connected to EU structures and are engaged in a variety of consultative frameworks and processes. For some of these actors, the Observatory is not needed to enhance communication between the umbrella bodies and the EC as this exists along sector or issue based lines (e.g., women, environment, culture, HIV/AIDS, etc.). As one respondent wrote in the survey,

> Very honestly, I don’t think that NGOs need any of this. We have enough possibilities to directly interact meaningfully with institutions and our experience of similar fora organised by EU institutions always end up in lots of nice talks, loss of time and no concrete results, the institutions often hoping on top that NPOs would do lots of work for free… I don’t see why an external stakeholder, an observatory, led by EU institutions, would come in to facilitate communication between organisations such as [NPO umbrella] and our members. Many EU networks have taken years to develop specific organisational skills to do that – and that’s part of our core business – so I don’t see what you could bring on that issue + we have an in-depth knowledge of our constituencies that we will not be eagerly sharing with an Observatory + our members will be extremely suspicious towards any such type of support. I guess I don’t have to underline why.

> On the communication with regulatory bodies, that’s not what our members are asking for, but to have secured communication channels with DECISION MAKERS [emphasis in original]. I don’t see the observatory playing any role in this. And even if it could, Member states would say no. [Respondent from Stakeholder Category 3]

Moreover, umbrella organisations were very clear in stating that they do not need a ‘third party’ to share best practices with their members.

**Risk/obstacles**

So far, the evidence suggests that umbrella organisations are the most vocal critics of the Observatory initiative and particularly the emphasis of the instrument on the risk of abuse for terrorist financing purposes. These actors often view themselves, rightly or wrongly, as the primary stakeholders of the NPO Observatory. The response of umbrella groups to the survey and interviews conducted in the course of the study was almost entirely negative about the instrument. These actors are suspicious, sceptical and even fearful of the aims and objectives of the Observatory. One respondent went so far as to refer to it as a ‘Trojan Horse’ (Respondent in Stakeholder Category 3).
While the European Commission could in theory move forward with the initiative to create an Observatory without the buy-in and support of these actors, as one respondent stated,

*Even if it were possible to design the NPO Observatory without the buy-in and support of the NPOs and their umbrella organisations, what would be the point?* [Respondent in Stakeholder Category 3]

Moreover, as umbrella bodies currently have thousands of members, if the Observatory seeks to tap into their networks in order to publicize its information, services, or trainings for example, it will require not only the buy-in of the umbrella organisations but also their active cooperation, in order to reach out to their membership base. Without the support and participation of the umbrella bodies, the Observatory will find it difficult to leverage and publicize its work.

The analysis of the data in this category suggests that at this time, there is a real risk that umbrella organisations may reject the Observatory and pass on the message to their members and supporters. This finding has serious implications for the feasibility of the instrument. A number of umbrella organisations have already been vocal in their criticism and they are likely to remain ‘critics’ and ‘blockers’ since in their view, the Commission is ignoring the contributions NPOs make to society and instead focuses on the risk of terrorist financing (which they argue is a minor and insignificant threat).

It may be possible to bring the umbrella organisations on-board; however, this would mean a shift in the overall framing and objectives of the Observatory and a clear delineation of the value added and benefits for NPOs from such an instrument.

One respondent stated,

> *Whose need is the Observatory going to fulfil? Will the observatory operate within the paradigm that NPOs are vulnerable to terrorism financing and therefore need to be protected from being abused for such purpose or can it pose critical questions and support a much needed reframing of the current CTM [counter-terrorism] discourse (we strongly feel such reframing is needed)? If the Observatory would take on such critical role and become mandated to critically assess current CTM and policies and formulate alternative ones, NPOs could become more effective players in security debates. One may have to rethink the name of such entity, Observatory would then be less appropriate as it does not capture the aim of such entity to engage with security actors and debates. (Respondent in Stakeholder Category 3).*

A positive framing, which focuses on sharing of best practice and promoting good governance, instead of foregrounding the risks of criminal and terrorist abuse, will certainly have greater appeal among umbrella bodies and may facilitate their cooperation and participation.

**Table 3 - Assessment of Stakeholder Category 2: Member State public regulatory bodies and accreditation organisations**

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d. **Stakeholder Category 4: Individual NPOs**

We had low levels of response to the survey from individual NPOs and were advised by the EC not to pursue the respondents in this category. Given that there are hundreds of thousands of
NPOs in Europe, in the process of establishing the Observatory the umbrella groups are likely to provide the most effective way to reach out to the non-profit sector as a whole, while the engagement of individual NPOs as the main users becomes crucial once the instrument is put in place. There are some NPOs, especially smaller under-resourced ones, who may find specific services provided by the Observatory more important than other considerations currently emphasised by the umbrella groups. For the vast majority of NPOs, however, the emphasis on abuse for terrorist financing is likely to either seem irrelevant or give rise to suspicions about the underlying agenda pursued by the Observatory. Finally, there are some NPOs in the member states that actively resist the broader counter-terrorism agenda pursued by national and European authorities, and the Observatory could easily become subsumed under that broader agenda given its overall framing. Box 1 provides a brief case study of such ‘resisters’.

Box 1 - Case Study: Fighters and Lovers NPO, Denmark

Fighters and Lovers: A Case from Denmark
By Julia Raavad

Fighters and Lovers (F&L) is a Danish NPO (www.fightersandlovers.org), which in 2006 started selling designer t-shirts and other merchandise to raise funds for specific activities of FARC (Revolutionary Armed Forces of Colombia – Fuerzas Armadas Revolucionarias de Colombia) in Columbia and PFLP (Popular Front for the Liberation of Palestine) in Palestine. While noting that PFLP and FARC are ‘neither angels nor demons’, F&L claimed these groups were ‘freedom fighters’ engaged in a legitimate struggle against Israeli occupation and a repressive regime in Colombia. The aim of the campaign was to show solidarity with these groups and to challenge the inclusion of these groups on the EU’s list of terrorist organisations.

In 2008, the Danish authorities confiscated their funds and initiated judicial proceedings on charges of terrorist-financing, applying Paragraph 114 of the new Criminal Law, known as the ‘terrorism paragraph’. The case made its way to the High Court, where seven members of F&L were subsequently convicted but had their sentences suspended. The case attracted much media and public attention in Denmark. During the trial, the judges faced the challenging task to determine whether FARC and PFLP were in fact ‘terrorist organisations’, since Danish law requires a ruling of the domestic courts on that issue. The proceedings sparked a public debate whether the counter-terrorism legislation had gone too far in limiting political rights and the freedom to actively engage in international solidarity. Another point of the contention was the enormous costs for the state in pursuing the case and indeed for the F&L, especially in comparison with the very small amounts fundraised for the FARC and PFLP.

Apart from raising funds, F&L’s intention from the start was to use the campaign to draw attention to some of the ambiguities of Denmark’s counter-terror legislation and to highlight problems with the current definitions of terrorism. Another prominent aim of the campaign was to react against what F&L saw as a trend towards growing surveillance and suspicion of political activism in Denmark and the EU. In the end, F&L lost the court case but they largely succeed in sparking a public debate about what is considered ‘terrorism’ and what are the implications for rights and freedoms, as well as debate about whether the counter-terror legislation had gone too far.
2. Key actors and constraints on their involvement and buy-in

While the continued commitment of the European Commission is indispensable given the EU-level focus of the instrument, and the engagement of individual NPOs would be important once it is up and running, our analysis suggests that the key actors that need to be involved in the creation of a European NPO Observatory are the NPO umbrella organisations and national-level regulatory and accreditation bodies.

Among the umbrella groups, there is currently no appetite and support for the establishment of the Observatory. Indeed, there is a significant level suspicion about the overall framing and purposes of this instrument, and scepticism about its potential contributions. Since umbrella organisations are the main link between European institutions and the numerous and diverse NPOs scattered across Europe, their participation will be vital for the success and sustainability of the Observatory. Moreover, the vast majority of respondents from umbrella organisations were sceptical about the actual abuse of NPOs for terrorist financing purposes, which they see as a very rare occurrence. That said, most added that if there is indeed any potential for abuse, the NPOs that are most vulnerable are smaller NPOs and not the large organisations or umbrella bodies. And yet, reaching out to these smaller NPOs across Europe would be a major challenge for an Observatory given their numbers (e.g., in the UK alone there are approximately 180,000 registered NPOs). In order to be able to access and engage European NPOs, the Observatory will need the buy-in and support of the umbrella bodies.

As far as national-level regulators and accreditation bodies are concerned, at present there is some interest in a European-level initiative but little commitment to play a proactive role in it. In other words, these actors are more open to cooperation and participation than umbrella groups, but they need further reassurances about the costs and benefits involved. There is general agreement among them about the importance of promoting accountability and transparency in the non-profit sector, and their networks are an important resource that should be harnessed in a European-level instrument. And yet, our respondents in this category stated quite clearly that their participation and engagement with the Observatory should not require great investment in terms of time, money or human resources. At present, they were not clear how exactly the instrument may contribute to their work and what is the value added of a new initiative in an already crowded field. Finally, there is significant divergence among these actors in assessing the level of risk of NPO abuse for terrorist financing; while regulators in some member states are concerned with such risks, in others their counterparts see terrorist financing as irrelevant to the work of the non-profit sector.

In order to secure the buy-in and participation of these key groups of stakeholders, the analysis of our survey responses and interviews suggests that several concerns of key stakeholders should be addressed.

a. Conflation of goals or ‘mixing apples and oranges’

A large number of respondents insisted that accountability/good governance goals and objectives are distinct from concerns surrounding the potential abuse of NPOs for terrorist financing purposes. They argued that while all NPOs are concerned with building accountability mechanisms and ensuring their public credibility and legitimacy, conflating these goals with the need to tackle terrorism-related abuses diminishes the importance of the former and exaggerating the risk of the latter. We identified widespread scepticism among our respondents from different stakeholder groups about the potential for, and prevalence of, terrorist financing abuse
of European NPOs. Many of them emphasised the need for proportionality and recognition of the important contributions of NPOs, instead of focusing on what they see as a minor problem.

b. A positive framing

Respondents were quite insistent that the instrument should embrace a positive model of engagement, which seeks to recognise the important socio-political contributions of European NPOs. They argued that a positive approach will not only recognise such contributions, but it will also help to empower NPOs, rather than framing them as adversaries or helpless victims. There is a real risk that the foregrounding of the matter of counter-terrorism will be a chilling factor and lead to disengagement and resistance. This was clearly conveyed to us by a number of stakeholders during interviews and in the long answers to survey questions. The name ‘observatory’ was also a point of contention for many respondents from all stakeholder categories, who argued that the name somehow implied that the Observatory is a tool to observe, monitor, and police NPOs. A respondent from Stakeholder Category 3 stated that the word ‘observatory’ was ‘totally wrong and gives the image of policing’. He noted that it reminded him of Jeremy Bentham’s panopticon, which allows the observer to observe without being observed.

c. Value added of the instrument

Finally, a recurrent concern both for umbrella organisations and national regulators is the issue of unclear added value: What are the benefits for stakeholders from a new instrument and what are its distinctive contributions given the range of existing initiatives? This issue is discussed in detail in the next section but it is important to emphasise these concerns, since they were repeatedly invoked by our respondents as a reason for scepticism about the initiative as a whole.

In sum, a range of actors could be involved in the establishment of the instrument, including EU institutions and other regional organisations and some individual NPOs. However, the key actors whose participation and support is crucial are the umbrella organisations and national-level regulatory and accreditation bodies. At present, there is much evidence to suggest that umbrella groups are likely at best to refrain from participation, and at worst to actively seek to undermine the creation of the Observatory. While generally more sympathetic to the idea, regulators and accreditation organisations are not clear about the benefits and value added of the instrument. The analysis of stakeholders suggests that taking this initiative forward would depend on addressing the outstanding concerns of key actors, in particular those relating to the objectives, framing and value added of the Observatory.
IV VALUE ADDED

While in theory it is possible to see added value of a European NPO Observatory with the objectives set out by the European Commission in the Terms of Reference, our research suggests that taking into account the perceptions of key stakeholders, it is unclear what the value added of the instrument is in practice. Data gathered through our survey, the interviews and the analysis of a variety of sources suggest that an initiative with the current objectives set out by the EC is not perceived as adding to the existing formal and informal activities and initiatives concerning the exchange between NPOs in Europe. A key problem is the concern that a European-wide initiative would not be able to be focused enough to add benefit to the work of relevant stakeholders.

Three inter-related findings inform the conclusion that a European NPO Observatory intended to promote the objectives set by the European Commission does not add value:

First, stakeholders across the three category groups stated that they perceive lack of clear benefit of participation – i.e., they were not sure what they would gain from engaging or joining the NPO Observatory as members. This was mainly because there are already a large number of formal and informal, public as well as private initiatives to exchange best practices between NPOs. It became clear that many national level regulatory and accreditation organisations and NPO umbrella organisations already offer trainings to NPOs on accountability, good governance, management good practice, etc. Therefore, it was unclear to respondents as to what information the NPO Observatory would or could provide that was not already on offer and that would be of interest and add value to the work of all NPOs across Europe, going above and beyond the range of formal and informal initiatives and activities that are already in place.

Second, stakeholders spoke of a lack of relevance of an initiative like an NPO Observatory to their daily business as it is currently framed – in other words, while all stakeholders stressed the importance of accountability and transparency for the non-profit sector, a large number of stakeholders stated that terrorism and abuse for the purpose of terrorist financing is simply not of immediate concern for their operations and for their clients or beneficiaries; hence, they see no relevance of an NPO Observatory to their work. This perception of a lack of relevance was also apparent responses of a number of those stakeholders who refused to complete our survey, responding that their organisation ‘had nothing to do with counterterrorism’, e.g. a respondent from stakeholder group 1 (EU / European institutions) replied: ‘Unfortunately, the research isn’t quite related to our daily work so won’t be able to help at this time’.

Third, stakeholders made aware that given the diversity of the European NPO sector information or trainings provided by an EU-level NPO Observatory might not be of relevance to NPOs across all twenty-seven member states and across all sectors. Yet, our survey also shows that for some stakeholders what was attractive was a European-level information and research database which provides information about best practices; NPO related legislation; safeguarding information for NPOs (e.g., know your donor, know your beneficiary) etc., as well as general training and capacity building for NPOs to strengthen their capacities and skills.

Given that there is the perception from the side of members of all stakeholder groups that there is already a sufficient array of services, including trainings, capacity building, dialogue and
consultation provided by both member state bodies and umbrella organisations, the key to adding value is to understand and identify what a European NPO Observatory can do that others don’t or can’t do and fill existing gaps. While our research has shown that there is no perceived gap in regard to the objectives that the EC set out in the Terms of Reference for a European NPO Observatory, our engagement with stakeholders indicates a couple of niches that the EC could usefully try to fill with an initiative like an NPO Observatory in order to add value to existing initiatives and to provide positive benefit for their overall fight against criminal and terrorist financial abuse in the NPO sector.

Our findings from the survey data and interviews highlight one key function that stakeholders suggest an instrument of this sort could usefully perform in a way that adds value to existing initiatives. This is to serve as a genuinely open and inclusive platform for consultation and dialogue; in particular between the EU and other stakeholders.

Especially among umbrella organisations and national regulators, the potential of a new initiative to add value in an already crowded field was identified in creating an open platform for engagement and debate about some of the larger issues raised by the Observatory, which involves all key stakeholders and engages with the broader policy framework and outlook. Generally speaking, stakeholders suggested scope to add value by broadening the remit to incorporate other actors, going beyond the narrow focus on NPOs towards designing an initiative that enables a broader discourse on the issue of financial abuse for criminal and terrorist purposes. In this respect, the survey data indicates that the promotion of engagement and dialogue between the EU and NPOs is the main area where a new initiative has the potential to add value.

Table 4 - Survey results – Of the following services please prioritise your choices with #1 being the most important and #5 being the least important?

<table>
<thead>
<tr>
<th>Choices</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>2.3</td>
<td>2.1</td>
<td>3.1</td>
<td>3.3</td>
<td>4.4</td>
</tr>
<tr>
<td>St. deviation</td>
<td>1.3</td>
<td>1.6</td>
<td>1.3</td>
<td>1.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Mode</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Median</td>
<td>2</td>
<td>1.5</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
</tbody>
</table>

Responses prioritized. #1 is the most important and #5 is the least important.

A) A forum facilitating communication between EU based NPOs in different Member States
B) A forum facilitating communication between EU based NPOs and EU institutions
C) A database about funding opportunities for EU based NPOs
D) A database providing information about training opportunities for EU based NPOs
E) A database providing information about job opportunities

While serving as a genuinely open and inclusive platform for consultation and dialogue between the EU and other key stakeholders needs to be seen as the main added value that an NPO Observatory could provide, it is worth noting that there is some evidence that two other functions could be of interest to some stakeholders. First, an instrument of the kind of an NPO Observatory could serve as a research database that provides European-level information and information about best practices, NPO related legislation, safeguarding information for NPOs (e.g., know your donor, know your beneficiary), etc. Second, there is some evidence that an NPO
Observatory with the aim of providing training and capacity building for NPOs could be of interest in some member states, where national level trainings and capacity building programmes may be in short supply. However, our data indicates that such demand does not exist on the European level.

Overall, the evidence analysed in our study suggests that at this point in time there is a perception among stakeholders that the establishment of a European NPO Observatory with the specific framing and objectives set out by the EC does not add value. Given an already crowded field of initiatives, stakeholders do not see the instrument as potentially adding value to their existing efforts to strengthen accountability and transparency in the NPO sector. Identifying an added value seems to be further complicated by the diversity of the NPO sector in the EU.

The study has identified some potential for a new initiative in this field to add value, particularly the possibility of having a platform for genuine discussion and exchange about the broader discourse of countering terrorism in the EU and the role of NPOs in it. However, it should be noted that moving in that direction would entail a reframing of the initiative and its objectives, as they are currently set out by the European Commission.

***

The main conclusion emerging from the study so far is that the buy-in of key stakeholders depends on the ability of the process to address existing concerns that relate to the framing and objectives currently set out by the European Commission and clarifying the value added of the instrument from the start.

Hence, a key lesson can be learned from the above regarding process: If the initiative is pursued, it is imperative that the buy-in of all key stakeholders is secured early on by ensuring their input in developing the framing, objectives and value added of an NPO Observatory. Such engagement and participation is a precondition for any further steps in the process, which involve consideration of the particular forms such an instrument could take and how it could be operationalised. These two further steps – forms and operationalisation - are the focus of the discussion in Sections V and VI of this report.
V MODELS AND ASSESSMENT TOOLS

An initiative like an NPO Observatory depends on the buy-in of all key stakeholders. As suggested above, such buy-in is currently missing, which calls into question the establishment of an Observatory based on the specific framing and objectives set out by the European Commission. Nevertheless, it is possible and fruitful to think about processes in general, and to offer insights that could assist the European Commission and other actors involved in any future process and in relation to any particular framing and objectives of the instrument. This is the purpose of the current and next section of the report.

This section examines possible forms that an NPO Observatory could take and provides guidance for assessment of these alternative forms. First, it identifies three potential models for the Observatory as ideal types, clarifies their distinctive logics, and identifies a set of elements that could be incorporated in each of these three models. It then presents an assessment tool developed to assist in the process of creating the instrument to evaluate different options under consideration, and applies that tool to assess the three models to the extent possible. In developing the models and assessment tools, the study analyzed a range of evidence including previous research commissioned by the European Commission, existing models of other observatories and similar instruments (see Appendix VI for a list of reviewed observatories), and information gathered with survey and interview techniques. Special consideration was given to the ‘Centre of Excellence’ discussed in the EC-commissioned study on recent public and self-regulatory initiatives.\(^{75}\)

1. Models for an NPO Observatory

One of the aims of the study is to identify a range of possible forms that a European NPO Observatory could take. Our approach to this component of the research involves developing three alternative models for the Observatory, to serve as starting points that help to guide the discussion among actors and stakeholders who may be involved in setting up such an instrument. In particular, the specific focus threefold: to propose different organisational forms that an NPO Observatory could take, to clarify their distinctive logics, and to identify some of the key elements that could be considered for discussion and incorporation in each of the models.

Providing a range of options in this way and placing them along a spectrum of possible functions and ambition helps to focus any further discussion and consultation around questions of institutional design, while at the same time ensuring that there is sufficient scope for creativity and flexibility in making such choices. The proposed models are conceived as \textit{ideal types} at some level of abstraction; in this sense, if a European NPO Observatory or another similar instrument is pursued further and eventually established, it is not likely to fit perfectly any of the proposed models and their constituent elements. Nevertheless, they are useful to identify and discuss at

this stage because each ideal-type model has implications for the ability of an NPO Observatory to advance specific objectives (either those identified by the EC, or others) and for the level of resources and commitment on the part of key stakeholders that are necessary for its establishment and effectiveness.

In terms of their organisational form and design, the three models can be described as Centre Model, Online Platform Model, and Hybrid Model. The Centre Model is conceived as an organisation with its own staff and programmes, and reflects many of the characteristics of what the EC-commissioned study on ‘Recent public and self-regulatory initiatives improving transparency and accountability of non-profit organisations in the European Union’ discusses as a ‘Centre of Excellence’. By contrast, the Online Platform Model is conceived as a web-based initiative, which once up and running may require only limited resources for moderation and maintenance. A modest version of this model could be a website that links existing NPO initiatives and networks, while more ambitious one could add further elements. The Hybrid Model, as the name suggests, combines characteristics from the other two models and the level of resources necessary may vary greatly depending on its particular design and specifications.

The three models and their underlying logics can be usefully distinguished by focusing on the following aspects: a) what is the main contribution of the Observatory; b) who plays the leading role and exercises initiative; and c) how communication and engagement of stakeholders is envisaged and pursued. In addition, we have developed a set of five key functional elements that could be incorporated in the three models. These elements have also been selected because they are helpful in illustrating the logic that animates each of the three models considered in the study, and can illuminate the differences between them.

In the Centre Model, the Observatory provides a range of services to NPOs and other stakeholders, initiates activities and leads projects, and actively encourages and coordinates communication and engagement among stakeholders. Aligned with this logic is a set of functional elements that depend on core staff and resources, elaborated in Table 5.

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
<th>Rationale</th>
<th>Potential forms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation &amp; Research</td>
<td>The centre identifies issues for research and documentation, conducts activities and disseminates outputs</td>
<td>To fill gaps in data, generate new knowledge, and promote evidence-based solutions &amp; discussions</td>
<td>The centre develops in-house capacity to carry out activities or identifies issues and commissions research</td>
</tr>
<tr>
<td>Monitoring, Reporting Dissemination</td>
<td>The centre monitors, reports and disseminates information on relevant issues and developments in the field</td>
<td>To track key issues &amp; developments, inform stakeholders, and promote evidence-based solutions &amp; discussions</td>
<td>The centre conducts activities in-house or outsources, the focus can be thematic and/or geographic</td>
</tr>
<tr>
<td>Consultation Service</td>
<td>The centre provides a consultation service to</td>
<td>For NPOs to obtain advice and assistance</td>
<td>The centre draws on in-house expertise or</td>
</tr>
</tbody>
</table>

76 Ibid.
NPOs, addressing questions and requests for assistance with specific issues, for the centre to identify recurrent problems external links and networks, can be focal point for regulators

**Workshops & Conferences**

The centre organises workshops and conferences with NPOs, national and European authorities, experts To promote exchange and discussion of views and experiences, dialogue and debate on key issues, networking Ad-hoc workshops with thematic or geographical focus, periodic (e.g. annual, bi-annual) larger conferences

**Grant-making**

The centre operates a funding facility to provide support for projects and initiatives of NPOs and networks To enable the launch of projects and initiatives that strengthen NPO capacities and promote collaboration in the field A grant-making programme can be run by the centre, an Advisory Council, or jointly with NPOs

In the *Online Platform Model*, on the other hand, the main contribution of the Observatory is to provide infrastructure for the stakeholders – it is the stakeholders themselves who are responsible for, and take the lead with, initiating activities and engaging each other. This means that activities such as research and documentation are precluded from the logical of the model, and the core functional elements presented in Table 6 relate to communication and interaction among the stakeholders.

**Table 6 - Online Platform Model Overview**

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
<th>Rationale</th>
<th>Potential forms</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-Networking</td>
<td>A repository of contact information of stakeholders and other actors, e.g. experts</td>
<td>To facilitate communication and networking among stakeholders</td>
<td>Can be limited to details of registered users, or registered users can add other content</td>
</tr>
<tr>
<td>Repository of Incident Data</td>
<td>A repository of verified incident data, including statistics and reports of individual cases of NPO abuse, e.g. court records</td>
<td>To generate reliable data about the scale of NPO abuse and information about individual cases and incidents</td>
<td>Only registered users upload data and are identified as sources, viewing can be public to counter misinformation</td>
</tr>
<tr>
<td>Repository of Initiatives</td>
<td>A repository of information about actions and initiatives on NPO transparency and accountability</td>
<td>To enable exchange of best practices, encourage participation in existing initiatives and promote new ones</td>
<td>Stakeholders upload information on actions and initiatives, which can be made available for discussed on e-Forum</td>
</tr>
<tr>
<td>Repository of Legislation &amp; Standards</td>
<td>A tool for national and European authorities to publicise legislative</td>
<td>To provide NPOs with up-to-date information about applicable legal and</td>
<td>A section for each Member State, an EU-level section, a legislative calendar</td>
</tr>
</tbody>
</table>
and regulatory standards and developments | regulatory frameworks and changes | updated by national authorities

**e-Forum** | A tool for stakeholders to engage in communication and discussions | To enable dialogue and debate, for example discussion of best practices, initiatives, legislative changes | Stakeholders initiate discussion, but also any content on platform could be linked in and taken up for discussion

Finally, in the *Hybrid Model*, the Observatory is geared to provide both services and infrastructure to stakeholders; it plays a leading role in some respects and allows stakeholders to exercise initiative in others; it may provide stakeholders with a communicative platform but also seek to actively encourage their engagement on specific issues and initiatives. In developing an Observatory with such hybrid characteristics, special attention should be given not simply to combining elements and logics, but also thinking about ways in which a functional element of one of the models may be enhanced by adding a dimension from the other. Table 7 illustrates how this could be done in practice.

Table 7 - Hybrid Model Overview

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
<th>Rationale</th>
<th>Potential forms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research &amp; Documentation</td>
<td>Issues for research are identified jointly with NPOs using the <em>e-Forum</em>, and followed up by staff</td>
<td>To strengthen research and documentation activities, ensuring that they address the needs and concerns of NPOs</td>
<td>Online tools to generate ideas for research and documentation, which is pursued in-house or commissioned</td>
</tr>
<tr>
<td>Monitoring &amp; Reporting</td>
<td>Stakeholders upload information about issues and developments, processed and disseminated by staff</td>
<td>To strengthen capacities for monitoring and reporting by harnessing stakeholder input and access to information</td>
<td>Online tools to enable stakeholders to feed information on website, registered users can be prompted via email</td>
</tr>
<tr>
<td>Dissemination</td>
<td>Outputs of research and reporting activities are disseminated with active use of online platform</td>
<td>To strengthen the dissemination of generated information, knowledge, and ideas</td>
<td>Online tools may include repositories, updates with targeted feeds and newsletters</td>
</tr>
<tr>
<td>Consultation</td>
<td>Consultation is provided by connecting stakeholders with active use of <em>e-Networking</em></td>
<td>To strengthen consultation by using the network's expertise and resources</td>
<td><em>e-Networking</em> lists expertise of individuals and organisation, used to direct inquiries</td>
</tr>
<tr>
<td>e-Conferencing</td>
<td>Online, multimedia</td>
<td>To strengthen</td>
<td>Audio, web-based and...</td>
</tr>
</tbody>
</table>
events and discussions are organised for stakeholders, and followed up by staffcapacities for exchange and discussion of views and ideas, while reducing their costsvideo conferences, followed up by producing and sharing summaries and reports

2. **Assessment Tools**

In assessing the different forms that an NPO Observatory can take, the potential models for the instrument should be evaluated against a coherent set of criteria that allows for making comparisons. Assessment tools should be able to provide a solid basis for examination and discussion of the strengths and weaknesses of each model in terms of the chosen criteria for evaluation, and to clarify their respective benefits and shortcomings. The assessment tools should also be geared to help in evaluating both the three ideal-type models for an NPO Observatory, discussed above, and of any particular design that emerges from future discussions and consultations of the actors involved in creating such an instrument, which is not going to fit perfectly the exact specifications of any of these models. Finally, in addition to providing the criteria that serve as a basis for assessment and enabling comparison between the models under consideration, another important consideration in this study is the contribution that such tools can make in assessing the feasibility of establishing an NPO Observatory in the EU.

With these considerations in mind, we have developed an Assessment Matrix to guide the evaluation of the observatory models and the feasibility of creating the instrument. In line with the overall approach, aims and framework of the study, the Assessment Matrix combines three criteria for assessing each model:

a) the potential of the model to promote the *objectives* or tasks of the NPO Observatory, which are set by the EC in the Terms of Reference for the study

b) the potential of the model to advance the set of *principles* derived from our analysis, which should guide the process of creating an NPO Observatory and its operation

c) the potential of the model to contribute to the *value added* of such an instrument, which is determined on the basis of our research and analysis

Assessment of the models against this set of criteria was conducted at two levels. First, we examined how the logic of each of the models relates to the specified criteria, in other words whether and to what extent the different logics of the ideal-type models can be aligned with the objectives, principles, and value added of the NPO Observatory. Second, we assessed each of the elements of the three models on the basis of the same criteria, i.e. assessing the potential of each element to promote the objectives, principles, and value added of the instrument. On the basis of this twofold approach, we assigned values of weak, average, and strong, or N/A when the criterion was non-applicable or unspecified. The results of this assessment of the models are summarised in the Assessment Matrix below:
In terms of their potential to promote the set of objectives set out by the EC, both the Centre and Online Platform have some clear strengths and weaknesses, and on the whole are assessed as average. In terms of the central objective envisioned by the EC – development and exchange of guidelines of best practice to implement guidelines developed by authorities – the strength of the Centre model is on the 'development' side, and the 'exchange' side for the Online Platform. The Centre model lends itself well to provision of information on transparency and accountability by authorities (objective 3) and launching of projects to enhance NPO capacities (objective 4), while the Online Platform is better suited to serve as forum for exchanging information and views (objectives 2 and 5) and to cooperation among NGOs (objective 6). The strong potential of the Hybrid model to promote the set objectives stems from its ability to combine the strengths of the other two models and at the same time to offset their weaknesses, if the logic of hybridity is matched with appropriate design of specific elements.

Figure 3 provides a comparative assessment of each model's potential to meet the objectives of the Observatory as these are currently set out by the EC in the Terms of Reference for the study, and a detailed assessment of the elements of each model is included in Appendix.
The methodology of the Assessment Matrix is less effective in determining the fit between the models and the principles identified to guide the creation and operation of an NPO Observatory. This is because some of the principles concern the broader framing of the issues at stake, and the models and their elements could in theory be geared in any direction, either to advance or undermine such principles. Examples include the adoption of a ‘European’ approach to civil society (principle 2) and broader notions of transparency and accountability (principle 5), and understanding NPOs as part of the solution to the problem of terrorism (principle 3).

Nevertheless, the potential of the models for advancing other principles can be derived from their overall logic and the specific elements considered in the study. When it comes to the need to align the instrument with the concerns of key stakeholders (principle 1), the Centre model is useful for top-down input from authorities and the Online Platform model for horizontal interaction within the NPO sector, but the Hybrid model has the greatest potential for bottom-up concerns to be registered and articulated. Similarly, the Online Platform is well suited to enable exchange between stakeholders, should they wish to partake, but the Hybrid model better
reflects the idea of deep debate and engagement (principle 4). Thus, while some principles could be aligned with any of the models, the Hybrid model is the best fit.

A comprehensive assessment of the models and their feasibility by using the Assessment Matrix is precluded from the finding of the study that the value added of the envisioned Observatory needs to be clarified further, i.e. the third criterion required for evaluation in our approach. Some observations, however, can still be made and they should be taken into account by the EC and other actors who may be involved in pursuing such an initiative in the future. The survey and interview data suggests that there may be some scope to add value to the array of existing initiatives by fostering a dialogue between the EU and NPOs (see the discussion of value added in the preceding section). Again, the Hybrid model has the greatest potential to deliver – its logic lends itself well both to vertical and horizontal forms of communication and engagement, including a feedback mechanism from NPOs to European authorities, and its research and reporting components can be most effectively geared to address the issues on the agenda of the non-profit sector. Overall, subject to other constraints that limit the overall feasibility of the instrument as currently conceived by the EC, the Hybrid model offers the most productive avenue for further discussion and consideration. The logic of hybridity offers the most practical way to address diverse concerns and needs of stakeholders and to maximise the benefit of the instrument for them by combining communicative infrastructure and provision of services.
VI OPERATIONALISATION AND STAKEHOLDER ENGAGEMENT

This section examines the key considerations that emerge with respect to operationalising different potential models for the instrument and the stakeholder engagement necessary in the process. It first considers the results of the survey and then turns to the interviews with key stakeholders in order to distil from the data the evidence relevant to operationalisation and engagement. Next, it examines the range of existing observatories and similar instruments and considers useful insights from their designs and operations. Importantly, we find that the range of forms these observatories take mirrors the three models identified in the previous section, i.e. the logic of the Centre model, the Online Platform model and the Hybrid model. Throughout, the focus is kept on illuminating the key issues and insights that may be useful for operationalisation of such an instrument (what steps are necessary for the initial setting up of the said observatory) and stakeholder engagement (what steps would ensure stakeholder participation in the observatory's activities).

1. Survey results

This section presents the finding of the survey and is organised in three sections: the existing forms of engagement; forms of involvement; and training capacity.

1.1 Existing forms of engagement

On the “Existing forms of engagement” between European NPOs and NPOs and EU institutions, the survey included 4 main questions. The first question was about the most common forms of engagement within the NPO community in Europe with four choices to be ranked in order of priority. As shown in Table 8, the most common form of engagement is the formal, membership-based networks (response B). This is shown by the mean, by the mode and by the median. Moreover, the low level of standard deviation for response B (0.81) shows the fact that all the interviewees focused their first choice on this type of engagement. The least common form of engagement is the Web based discussion forums. No interviewees consider this option very common and this result is shown by the values of mode and median in column D. Although the interviewees were given some open options, they have followed the proposed scheme.

Table 8 Survey results – What are the most common existing forms of engagement within the NPO community in Europe?

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>3.08</td>
<td>1.58</td>
<td>2.25</td>
<td>3.33</td>
</tr>
<tr>
<td>St. deviation</td>
<td>1.08</td>
<td>0.79</td>
<td>0.75</td>
<td>0.98</td>
</tr>
<tr>
<td>Mode</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Median</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

Responses prioritized. #1 is the most common and #4 is the least common.

A) Conferences
B) Formal membership-based network
C) Informal network
D) Web based discussion forums
The interviewees were given two more questions about the most effective and the least effective form of engagement. The most effective form of engagement is a formal membership based network, whereas the least effective forms are conferences and web based discussion forums (Table 9). Even in these two answers some stakeholders have given some indication as to the most effective forms. In fact, they could modify their answers according to the context.

**Table 9 - Survey results - What do you regard as the most and the least effective form of engagement within the NPO community in Europe?**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>The most</td>
<td>8</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The least</td>
<td>5</td>
<td></td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

A) Conferences  
B) Formal membership-based network  
C) Informal network  
D) Web based discussion forums

**Figure 4 - Survey Results - Based on your experience, how would you characterize the most typical form of engagement between NPOs and EU institutions?**

The last question refers to the characteristics of the most typical form of engagement between NPOs and EU institutions. The answers linked with the above preferences show how the stakeholders would characterize the most typical form of engagement between NPOs and EU institution through collaboration on specific projects. The other two forms of engagement do not solicit a great deal of interest among the stakeholders. If stakeholders were given the possibility to choose a second option they would prefer to stable a formal long term partnership with EU institutions.
1.2 Forms of involvement
Another issue covered by the survey regards the forms of involvement. The findings suggest that the NPO Observatory should involve the whole organisation by issuing newsletters, organizing meetings, conferences, training, seminars and access to funding.

Figure 5 - Survey Results: If you were to become a member of the NPO Observatory, how would you/your organisation expect to be involved?

A) To receive a monthly newsletter/information
B) To attend meetings organised by the Observatory
C) To attend conferences organised by the Observatory
D) To participate in trainings and capacity building seminars organised by the Observatory
E) To have access to funding

1.3 Training
The final issue covered was related to training. Three questions were asked in this respect. The interviewees have answered the question whether training and capacity building should be provided by the Observatory in a positive way (92%) (Figure 6). At the same time, they suggest that the most useful type of training regards the general operations of NPOs: management and organisational development, fundraising, advocacy and lobbying training (Table 10). Although there are not many differences among the answers of the stakeholders, responses to the open answers are informative. Some stakeholders suggest training on monitoring standards of ethical fundraising. Moreover, they suggest controlling of international money flows. Stakeholders also suggest that all types of training should be provided as a separate service of the membership (Figure 7).
Figure 6 - Survey results: Should training and capacity building be provided to NPOs by the Observatory?

![Survey results chart]

Table 10 – Survey results - If yes (training and capacity building should be provided), please suggest what kind of training or capacity building an Observatory should provide to NPOs?

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>1.8</td>
<td>2.5</td>
<td>4.3</td>
<td>3.3</td>
<td>2.3</td>
</tr>
<tr>
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Responses prioritized. #1 is the most important and #5 is the least important

A) Management and organisational development training
B) Grant writing and fundraising trainings
C) Public relations training
D) Networking training
E) Advocacy and lobbying training
2. Interview outcomes

The main themes that have emerged from the semi-structured interviews conducted for this project indicate that the following issues are of particular concern for the development of the observatory models. Three main themes emerge: agenda-setting, differences across NPOs and nature services the Observatory should provide.

2.1 Agenda setting

The respondents raised the issue of agenda-setting, particularly in the early stages of developing the Observatory model. The comments emphasise the need for a ‘two-way dialogue’ between the Commission and NPOs, so as to ensure a participatory rather than a top-down relationship. The agenda-setting should also be mindful of framing the contribution of NPOs in positive terms, seeing the Observatory as enhancing transparency and accountability. The participation in the agenda-setting process can take the form of public consultations, a conference, or expert groups formed through a competitive selection of representation.

2.2 Differences

Not only do the NPOs traverse the 27 EU member states, but there are a vast variety of organisational forms, languages, regulations and legal arrangements that need to be taken into consideration in how the Observatory is going to operate in a value-adding manner. The diversity of the NPO sector is perceived as a big challenge for the Observatory’s success, as this means that the expectations of what the Observatory should offer are also diverse across the national regulatory bodies and umbrella organisations. This suggests that a relatively flexible online model is likely to be more successful.

2.3 Services

The respondents across the board saw an Observatory that was involved in the provision of services in the most positive light. These services ranged from the sharing of best practices,
facilitation of greater communication (through forums and discussions) to training that would strengthen internal governance of NPOs (in areas such as accountability and transparency). These findings suggest that an online model complemented by provision of key services is likely to receive the highest buy-in of stakeholders.

3. Models

This section presents a review of the main existing Observatory (see Appendix VII). Details of each observatory structure in terms of date established, location, number of staff, publications and budget are shown in Appendix VIII. Based on this review we have drawn out our conclusions on the possible structure for each of the three models: Online Platform model, Centre model, and Hybrid model (see also Section V).

3.1 Online Platform model

The review incorporates findings from six existing observatories that contain elements similar to the Online Platform model. This option is relatively light in terms of the initial set-up costs and the medium to long term requirements for staffing and resources. The onus for providing content and maintaining momentum would lie with user NPOs and umbrella organisations. The model therefore relies rather heavily on the engagement of the European NPO community. It is therefore important to ensure that the platform does not replicate services that are already provided at the national level.

European NGOs Observatory on Trafficking, Exploitation and Slavery (E-notes)

Structure

E-notes is a project started by four NPOs from four different member states with the aim of setting up a monitoring system on the state of human trafficking in the EU. Their aim is to gather information through establishing a relationship with one NPO from each member state and setting up a standard methodology for tracking and reporting trafficking. The overall aim is to eventually establish a Europe-wide, permanent reporting mechanism to compare the situation in different countries and have this implemented by the NPO community.

Engagement

E-notes stakeholder engagement is centred on the participation of NPOs, as its purpose is to allow for the development of common definitions, perspectives, and strategies by allowing NPOs in the field to complement institutions. The main product so far has been a report that required the establishment of NPO partners in 27 Member States after the original four founding organisations began the monitoring process and collection of “indicators.” When this project began the EU Commission’s Framework Decision was in the process of being replaced by the Directive of the European Parliament and of the Council on Preventing and combatting trafficking in human beings. As this process was not yet complete E-notes relied on existing publications and an outside consultant was given the role of designing the monitoring exercise.

European Criminal Justice Observatory

Structure

The ECJO is a private and independent organisation that is meant to provide essential networking and training opportunities on European criminal law for legal practitioners and other interested parties. Its information is objective and accessible to due-paying members and has comparable observatories for business law (European Civil Law Observatory) and family law
(European Family Justice Observatory), and offers a networking service by making its members’ directory and events directory available to all members.

Engagement
The ECJO is a unique observatory given its independent and private character. It was founded by Susan Clements, former UK Law Societies’ EU Justice and Home Affairs Policy Advisor and employee at the European Court of Human Rights and Allen and Overy LLP. The focus of this observatory is to provide a source of training for its fee-paying members, and stakeholders engage by partaking in its online training opportunities, events, and networking opportunities.

**EUDO Citizenship Observatory**

**Structure**
The main objective of the EUDO Citizenship Observatory is to provide information in its field and to this end the website contains a 'debating forum', working paper depository and a database on national citizenship laws. Thus, this is a predominantly web-based entity hosted by the European University Institute’s Robert Schuman Center for Advanced Studies. It is described as a consortium of five partner institutions: the European University Institute, University College Dublin, University of Edinburgh, Maastricht University, and the Migration Policy Group.

Engagement
EURO Citizenship is an observatory within the European Union Democracy Observatory (EUDO), and independent and an interdisciplinary academic organisation whose goal is to produce a permanent assessment of democratic practices within the EU on a regular basis. It is best described as a forum where ideas and good practices can be exchanged by key stakeholders, and it is a resource for policymakers, academics, and EU citizens alike.

**Statewatch Frontex Observatory and Statewatch Observatory on EU Asylum and Immigration**

**Structure**
Statewatch itself is a non-profit organisation comprised of voluntary contributors to its online platform supporting investigative journalism and critical research on civil liberties and the state in Europe. Thus, it is a kind of monitoring agency. It has 22 “observatories” that focus on different areas. The Frontex Observatory analyses and documents the role and activities of Frontex, which is a border security agency. Statewatch Observatory on EU Asylum and Immigration is one of Statewatch’s 22 observatories, an online platform entity that provides up-to-date information relating to EU asylum and immigration developments. Many of these publications are based on research and reports by Statewatch itself.

Engagement
The Statewatch observatories (including SEMDOC below) engage with their stakeholders in the same way: contributing to their online presence and having access to such contributions is the main form of engagement.

**Statewatch European Monitoring and Documentation Centre (SEMDOC)**

**Structure**
SEMDOC is a legislative observatory that was made for Statewatch in 1997 and is published and maintained by Statewatch. It details all adopted, proposed, and forthcoming JHA measures and their status within the legislative process of the Council, Commission, and European Parliament. It also includes other relevant EU developments or treaties. Each JHA measure also includes an explanation of the legal base, background, flexibility, implementation dates, and full-text reports.
from NGOs and relevant websites that are provided by the observatory. As such, it is completely web-based and another example of an online platform.

3.2 Discussion of the particular elements of the Online Platform model

**e-Networking**
The European Criminal Justice Observatory model is a useful starting point for the development of the e-Networking model. In return for a membership fee each individual member receives access to the internal network where the benefits consist of an information depository, ability to advertise events on the internal site, and a networking opportunity.

**Incident Reporting**
The approach adopted by E-notes offers a starting point for the development of the 'incident repository' and the 'initiative repository'. The new observatory would establish a relationship with one umbrella body or an NPO from each member state whose role would be to compile case studies, media reports and collect transparency and accountability initiatives from the relevant stakeholders.

**Initiative Repository**
The 'debate forum' within the EUDO Citizenship Observatory website offers an option that could be adopted. The debate forum contains working papers on various aspects of citizenship, followed by a series of comments from expert members that bring together an informed debate on the topic. In similar fashion the initiative repository could take the form of short working papers that then open up for dialogue and debate. The results of this communication are then published on the website.

**Legislation Forum**
Statewatch European Monitoring and Documentation Centre (SEMDOC) is an example of a simple online depository of information that provides the necessary infrastructure for such a forum. It contains a 'document observatory' where relevant documentation is stored under key legal themes, as well as a searchable 'archive' of past all EU Justice and Home Affairs legislative documentation since 1976. In similar fashion the legislation forum can generate content on existing legislative frameworks in any area deemed to affect NPOs.

3.3 Centre model

The review incorporates findings from three existing observatories that incorporate elements similar to the Centre model.

This model has clearly higher set-up costs than the Online platform model. Moreover the quality and quantity of the output (that is likely to influence the level of stakeholder engagement) can be quite easily correlated with the quality and quantity of staff, both of which have clear cost implications. An option for meeting the staffing issues could at least in part be met through 'secondments' from national level bodies. Many of the existing observatories rely on the expertise of their members in similar ways. This would address the issue of buy-in raised earlier, but given limited human resources among members the actual mechanics of this arrangement would require some careful thought.

**European Social Observatory (ESO)**
The ESO example provides a strong case for the Centre model, with a set of core staff located in an office in Brussels, it is responsible for conducting and disseminating its own research. ESO's core team of staff is complemented by external expertise that allows it to conduct research across a number of themes. The research findings are disseminated through a range of mediums, including newsletters, working papers, reports and conferences.

**European Observatory on Cross Border Activities**
The EOCBA aims to provide research and analysis on the cross border movement of workers and companies in the temporary agency work sector. It is currently viewed as a joint project being carried out by Euroceitt and UNI-Europa to collect data, create a compendium of good/bad practices, prepare information tools for temporary work agencies and workers (country fact sheets), and review existing regulation. As such, its predominant role is to provide services to temporary work agencies and their workers.

**European Observatory on Health Systems and Policies**
The EOHSP is a partnership between the WHO Regional Office for Europe, the European Investment Bank, the World Bank, the Open Society Institute, the governments of various European countries, the London School of Hygiene and Tropical Medicine, and the London School of Economics and Political Science. The main purpose of this entity is to research and analyse healthcare systems in Europe for health policymaking, and it engages with stakeholders ranging from academics to doctors to policymakers in order to do this. As such, it provides a service for stakeholders in all of its offices across Europe.

### 3.4 Discussion of the particular elements of the Centre model

**Documentation and Research**
This function is central to the operations of the three observatories categorised here under the Centre model and seems to be the standard service provided by observatories that are established as centres of excellence.

The ESO yields a useful starting point for exploring how the observatory can generate its own research and documentation on transparency, accountability and FCPITF activities. In the ESO model, their work is organised across a range of research topics, that is then operationalised through several projects. The project research is often collaborative, completed together with academic partner organisations, or with individual researchers that wish to collaborate on the projects. The EOHSP follows a similar model, generating a range of studies and policy outputs that include policy briefs and a 'Euro observer' bulletin that focuses on contemporary key issues in health care. Similarly, the EOCBA provides an example of a model that generates research in the form of reports and factsheets. However, the nature of the documentation is more practically oriented than that provided by the ESO, aiming to provide practical advice to stakeholders rather than academic research. This seems a sensible approach in the case of the NPO observatory as well.

**Monitoring, Reporting and Dissemination**
The activities of all three organisations studied here focus in part on disseminating documentation and research. The ESO and EOHSP have quite sophisticated means of conducting such activities via their respective websites, suggesting that an online dissemination hub is likely to be the most effective means for conducting these activities. The EOCBA allows individuals to subscribe to e-bulletins that inform subscribers of the most recent publications and activities undertaken by the observatory. Moreover, the OECBA provides useful examples...
of monitoring, reporting and dissemination methods that take the form of a wider range of publications that vary depending on the intended audience (academic, policymaking, and practitioner).

**Consultation Service**

Although strictly speaking the EOHSP does not provide a consultation service, its reporting and dissemination activities are closely linked with what it deems to be the most pressing contemporary questions and problems. These issues do not emerge from a vacuum but from a dialogue with stakeholders and therefore provides an example of how the consultative function may well be closely linked with the monitoring, reporting, and dissemination functions.

**Workshops and Conferences**

A good example of small-scale conference or workshop activity comes from ESO, who organise lunchtime conferences that consist of short presentations followed by debate. Given that the observatory aims to capture a wide audience from across the EU member states this model could be extended to online presentations which would not require the audience to be physically present.

**Grant-making**

The EOCBA funds itself through grant applications, and this could be a way to realise the grant-making operations of the instrument in a more sustainable way. The Observatory could partner in grant applications with relevant stakeholders and in this way support partner NPOs through the grant application process as well as generate income for its own activities.

### 3.5 Hybrid model

The review incorporates findings from six existing observatories that incorporate elements similar to the Hybrid model.

The critical challenge of the Hybrid model is to identify the correct balance between services provided by the Observatory (publications, reports) and the methods of engagement (online surveys, social media, forums). The relationship between these two types of elements should aspire to a *virtuous cycle* where the methods of engagement are utilised to decide the content of the services (e.g. publications). The content of the services in turn can be utilised to spark engagement and generate further discussion. It is likely that a successful observatory following the Hybrid model would have quite a strong online presence, and that presence would be bolstered by the research and publications element of the model. It may be less relevant to think about a physical office space as the key to the Hybrid model.

**Former Lisbon Strategy Observatory**

The LSO was established to increase stakeholder involvement in the Lisbon process. This observatory is very much embedded in the workings of the European Economic and Social Committee, as its entire staff comes from that body and its office is located within the EESC’s office in Brussels. LSO aims to become the main platform for the exchange of views and experiences on the Lisbon reforms between the EU Institutions and civil society at large, so that all active players can take ownership of the balanced reforms necessary, making it focused on stakeholder engagement and involvement in the analysis and implementation of the Lisbon Strategy. This mix of being affiliated with a physical entity, collaborating with and organizing interactions for civil society groups in all member states, and producing reports to summarize what data is gathered makes this observatory relevant to our investigation.
European Observatory on Counterfeiting and Piracy (now European Observatory on Infringements of Intellectual Property Rights)
This observatory started out with three subgroups of staff involved in (1) improving the quality of information and statistics relating to counterfeiting and piracy on the Internal Market of the EU, (2) identifying and spreading national best practice strategies and enforcement techniques from the public and private sector, and (3) raising public awareness. The organisation strives for a balance between an online platform that offers IT tools for improved engagement with and between stakeholders and the aim of establishing a centre of excellence that provides services to its stakeholders.

European Observatory on Homelessness
Set up two decades ago, the EOH has built a strong track record on research. The website offers access to a broad range of resources that include statistical data, reviews of homelessness policies, European thematic reports, books, articles, and the European Journal of Homelessness. As such, it has the elements of a centre platform in that it provides this as a service to stakeholders. In addition, the EOH also engages with stakeholders by providing a publication database and a networking site, giving it elements of an online platform as well.

EU Social Situation Observatory
The Social Situation Observatory was established by the European Commission as a network between Applica in Brussels, the European Centre for Social Welfare Policy and Research in Vienna, Tarki in Budapest, and the Institute for Social and Economic Research at the University of Essex. The goals of this observatory are to monitor social trends across the EU and to analyse the factors underlying these trends to inform related policy debates. Their work is disseminated through research notes and policy briefs, and annual monitoring reports and the SSO organises research seminars and workshops where its work is discussed. It also provides a combination of services (publications) and infrastructure (workshops and an online network).

European Audiovisual Observatory
The EAO started as a public service body with 35 member states including the EU and EFTA countries, central and eastern European countries, and the Russian Federation. While a large part of their work is online (providing information on market, legal, and statistical issues; producing publications; and gathering, processing and structuring data into databases) this also requires the organisation of conferences and workshops that engage with stakeholders to develop the information. Thus this observatory provides research and data to stakeholders and also brings them into the discussion.

European Juvenile Justice Observatory
The EJJO is also a Hybrid model, as it aims to converge regulation and good practices in Europe in relation to juvenile justice. This is to be done via an internet portal to allow for exchange, debate, and data collection, and a physical presence through the European Council for Juvenile Justice and future working groups. It will provide guidelines, collect data on the existing cases, and promote cooperation between public administrations, universities, and NGOs involved in the area.

3.6 Discussion of particular elements of the Hybrid model

The Hybrid model can draw on a mix of characteristics from both the Online Platform model (provision of communication and networking facilities) and the Centre model (provision of...
specific services). The EJJO is a perfect example of such a combination of approaches. Although, it has to be kept in mind that one aspect may prevail over the other based on the nature of the activities at stake.

**Documentation and Research**
This function is central to the operations of the observatories categorised under the Centre model and may become relevant also in the Hybrid model through providing guidelines, collecting data, and promoting cooperation between public administrations, universities, and NGOs involved in the topic.

**Monitoring, Reporting and Dissemination**
As in the case of the SSO, the work is disseminated through research notes and policy briefs, and annual monitoring reports and the SSO organises research seminar and workshops where its work is disseminated and discussed.

**Consultation Service**
The hybrid model is well placed to provide consultation services, as with its reporting and dissemination activities these are closely linked with what are identified as the most pressing contemporary questions and problems on the agenda of the stakeholders, and drawing on online facilities offers opportunities for effective and up-to-date service delivery.

**Workshops and Conferences**
A hybrid model would provide a combination of services (e.g., publications arising from events pursued) and infrastructure (online facilities for events and an online network to draw and build upon).

4. **The issue of costs**

Based on the above analysis, it is clear that costing varies according to the different forms of observatory.

An observatory should have the following members of staff: project director, project administrator, project co-directors, other authors and contributors as well as a scientific or advisory board. Authors and contributors can be divided into external and internal and can be directed by an editorial tram if necessary. They can work on part-time or full-time bases depending on the workload.

In general, the Online platform will require a smaller budget that the central platform or the hybrid. Indeed, the online platform will have fewer costs related to renting a location as well as lower salary costs.

For example the European Social Observatory (ESO) includes a staff of: 13 (core team); 2 (regular contributors); 4 (external research associates), whereas the online observatory European NGOs Observatory on Trafficking, Exploitation and Slavery has a much smaller number of staff: 1 promoter NGO (Associazione On The Road, Italy); 3 partner organisations (La Strada International, Netherlands; ACCEM, Spain; ALC/SPRS, France); eventually they aim to have 27 researchers/NGOs from the 27 EU countries (see Annex I for details of other observatories).

The budget of the ESO can be estimated at approximately € 300,000 per year (this is an estimate based on salary for 4 members of staff (at €25,000 per year each) and renting and it does not
include the costs of equipping the office and utilities), whereas the budget for the online platform is €192,000 (as shown in annual accounts).

A voice that has a significant weight on the budget is also related to the publications and publicity material. Online publications have a much lower cost of hard copies.

5. Implications for operationalisation and stakeholders engagement

This concluding section takes the elements of each model in turn and links these to existing observatory practices in order to suggest possible ways forward in terms of operationalizing the three models. In this section the survey results as well as the interview findings are taken in account.

5.1 Online Platform model

The main benefit of the online model is the relatively small operation required to maintain the online platform once set up, as the core services of the model can be sustained with a small core team that would moderate the network and manage the repositories. For example, the Statewatch Frontex Observatory has no physical office space and is maintained by a group of volunteers (lawyers, academics, activists) from 18 countries. Similarly, the European Criminal Justice Observatory runs itself, relying almost entirely on members’ contributions to provide the necessary content for networking and event advertising.

However, in order to maintain forward momentum and for the planned Observatory to retain the interest of the NPO community, a greater degree of moderation and management is likely to be required. As long as the content is generated by members and external entities it is likely that this model can be managed with a very small core team.

One option for content generation is to follow the e-Notes model, which aims to identify a partner organisation in each of the 27 EU member states thus establishing at least one local point of contact that could a) provide content b) commission content from other organisations within their locality. This would ensure certain momentum for content generation that may encourage others to contribute.

If it was decided that more of the content were to be developed internally, then this would of course require a greater internal operation. For example, the EUDO Citizenship Observatory, which provides a whole range of publications, is based at the European University Institute and relies on a network of almost 200 authors, board members, country experts and other affiliates.

The strength of the online model is its flexibility and ability to reflect the diverse needs of the European NPO community and other stakeholders. Given its ‘resource-light’ character it is also more likely to garner support of stakeholders who may be asked to contribute such resources. The agenda setting process during the early engagement is likely to be critical for ensuring that the key stakeholders take great enough interest to be willing to contribute to the running of the observatory.

5.2 Centre model
The centre model has needs for greater core staff than the online model. For example, the European Social Observatory has a core team of 13 researchers. This level of staff also translates to a highly active publication record – 19 publications in 2011 that includes a wide range of different types of publications (research papers, briefings, opinions pieces, newsletters etc.). The EOHSP runs a similarly large organisation, with a total of 32 research staff and a wider range of publications. Whilst it is unlikely that this level of activity is realistic from the start, these examples clearly indicate that high output in terms of reports and dissemination activities is likely to be relatively labour intensive.

The EOCBA operates a more streamlined system, relying on individuals that are nominated from national affiliations of the two parent organisations (Euroceitt and UNI-Europa). This raises the possibility that the observatory could be at least in part staffed through national level stakeholder organisations who could lend their expertise to the project on periodic bases.

The strengths of the central model arise from its ability to provide a greater set of resources and additional services to stakeholders. There are many different services that would be welcomed by NPOs and that would strengthen the buy-in capacity and long-term sustainability of the Observatory. The research suggests that by planning the services in a positive light (avoiding a top-down structure and focusing on positive training that emphasises accountability and transparency) there is a greater likelihood that they will be accepted by the NPO community at large.

5.3 Hybrid model

As the above examples demonstrate, there are several examples of existing observatories that combine the logic of the centre model and an online platform model. For many it seems a natural progression – the case of EOH is a good example – to move from providing a service in the form of access to information towards a more robust (online) networking infrastructure for its members. This is not surprising because the two activities are highly complementary.

It is worth noting that observatories with characteristics of the hybrid model reviewed here tend to emphasise the services more than the infrastructure for stakeholder engagement. The EAO, for example, is primarily a provider of services through its database and offers rather standard mechanisms for stakeholder engagement through events and conferences. The Lisbon Strategy Observatory is somewhat more innovative, not only organising conferences and meetings with civil society organisations but also using online surveys and social media as means to share information and engage its stakeholders in a more active way.

The EJJO offers the best example of a hybrid observatory that has a quite a sophisticated online infrastructure for engaging stakeholders in its work. Members have access to an intranet that offers functionality for the exchange of information, discussion of new research lines, forums for debate. The conclusions of these online debates feed back to the work of the observatory as they are used to prepare opinions and reports.

6. Main challenges for operationalisation and stakeholder engagement

First, early engagement of key actors is critical. In order to address the principles established in Section II of the report, it is crucial to engage all key stakeholders during the initial agenda-setting process where the purpose and value added for the observatory are determined. This can
be realised, first, by making the initial agenda-setting process a collaborative one and in so doing ensure that the Observatory fills a genuine gap in the services provided to NPOs. These are key steps for securing the long-term sustainability and success of the observatory and the necessary stakeholder buy-in.

Second, it is important to consider the vast diversity of NPOs. This diversity reflects different legal frameworks (common law and civil law), a variety of national regulatory frameworks, language differences as well as large variation in size, resources base, and substantive focus of NPOs. These characteristics suggest that an instrument with the flexibility to capture this diversity and is likely to be more successful, and that incorporating an online element to the observatory is likely to be important.

Third, the success of the Observatory is likely to hinge on identifying the correct balance between an online platform for communicative exchanges and more concrete provision of services. Without such balance, the online model is prone to being a great initial success followed by a waning interest among NPOs. Ensuring on-going, long-term engagement of stakeholders could be effectively pursued through the provision of a range of services that address the diverse needs and concerns of stakeholders as they evolve.
VII CONCLUSIONS AND RECOMMENDATIONS

1. **General considerations**

1. Assessment of the feasibility of establishing a European NPO Observatory depends on the overall framing and objectives of the instrument. In their current form, these are set out by the European Commission in the defined purpose and tasks of the Observatory in the Terms of Reference for the study. The overall framing of the instrument identifies the risk of abuse of NPOs for financial criminal purposes as the underlying problem to be addressed by the Observatory, and emphasises in particular the risk of abuse of NPOs for financing terrorist activities. The main objective of the Observatory is to facilitate the development and exchange between NPOs and their umbrella organisations of best practices as to how guidelines at national or at European level, existing as well as future ones, are implemented or will be implemented.

2. In the process of discussing and establishing such an Observatory, it is imperative to strike a balance between addressing concerns about potential abuse of NPOs for terrorist financing and other criminal purposes, and acknowledging and encouraging the important contribution that NPOs make to socio-political life in Europe and beyond. Striking the right balance is crucial to unlock the productive potential of the initiative, while a failure to do so risks jeopardising it from the onset.

3. The key factor for the success and sustainability of the Observatory is the acceptance and engagement of European NPOs, both individual organisations and umbrella groups, who are the main beneficiaries and together with national-level regulatory and accreditation bodies, are the key stakeholders in the instrument. The Observatory must be seen by NPOs as an instrument that advances their public credibility and legitimacy by demonstrating commitment to on-going improvement of accountability and transparency. Alternatively, if the Observatory is seen as an instrument of ‘securitization’ of the non-profit sector or ‘surveillance’ by national and European authorities, it may elicit a backlash from NPOs and reluctance to engage constructively with the initiative.

4. There are two sets of conclusions emerging from the study as a whole. The conclusions about process are general, intended to assist the European Commission and other actors involved in any future process and in relation to any particular framing and objectives of the instrument. The conclusions about feasibility apply specifically to the Observatory as currently defined by the European Commission in the Terms of Reference, which set out the overall framing and objectives of the instrument. The recommendations to the European Commission draw on both sets of conclusions.

2. **Conclusions about process**

1. The establishment and operations of a European NPO Observatory should be guided by the following principles:

   - Ensure that the establishment and work of the Observatory are aligned with the key concerns of the stakeholders.
• Follow a ‘European’ approach to civil society, hence, apply a conception of NPOs as crucial socio-political actors.

• Understand the important role that NPOs (conceived as civil society actors) can play as a solution to the problem of terrorism.

• Encourage debate and deep engagement, rather than simply exchange, in the interaction of key stakeholders.

• Apply a broad notion of accountability and transparency that not only takes into account downward accountability but also follows an understanding of accountability and transparency as social mechanisms within the context of the ‘political’ process of achieving credibility.

• Adopt a reflexive and critical approach to the danger of the ‘securitization’ of the non-profit sector.

• Build on consultation and joint design.

2. There are four main groups of actors with stakes in the Observatory and all of them could be involved in a variety of roles and stages of the process. First, European institutions and regional organisations, in particular the European Commission, the Organisation for Security and Cooperation in Europe, and the Council of Europe. Second, public and private regulatory bodies in the member states of the European Union, including national regulators and accreditation organisations of the non-profit sector. Third, umbrella organisations and networks of European NPOs, in particular those that have a European-level focus and/or membership base. And fourth, European NPOs, defined as non-profit organisations that are based in, but not necessarily operating only or mainly in, the member states of the European Union.

3. The European Commission is the main driver of an Observatory initiative. Therefore, whether or not the establishment of an Observatory is pursued depends on the Commission’s commitment to play an active role in the process. The Commission can build upon its important work to date, including its efforts to engage European NPOs through stakeholder meetings, to assess the scale of the underlying problem and to map the existing initiatives promoting accountability and transparency of NPOs, but it would also have to assume a range of new roles. These include building a momentum for the initiative, continuing its efforts for engagement of stakeholders and securing their participation and support, identifying the resources necessary for the establishment and operation of an Observatory, and ensuring its own sustained engagement with the instrument over the longer-term. In contrast, other regional organisations could play a more limited role, geared mainly to ensure that there is no duplication of their efforts in this field and to harness their experience and expertise.

4. The NPO umbrella organisations and the regulatory and accreditation bodies in the member states are the key stakeholders whose buy-in has to be secured in order to establish a European NPO Observatory. Their support and participation is necessary at every stage of the process of planning and setting up the instrument, and their active engagement with the instrument has to be sustained over the longer-term. Given the enormous number and diversity of non-profit organisations across Europe, engaging the
umbrella groups early on in the process is particularly important as a way of reaching out to the NPOs and securing their buy-in.

5. There are already a large number of public and self-regulatory initiatives for improving the accountability and transparency of the non-profit sector in the European Union, pursued at European and national levels. Therefore, it is imperative that the actors involved in creating the Observatory identify the value added of such an instrument as clearly and early in the process as possible. This will ensure that the objectives of the instrument are aligned with the concerns and needs of stakeholders and help to secure their participation and support, while helping to avoid unnecessary costs.

6. There are three main forms that such an instrument could take and in considering these different models it is important to keep in mind their distinctive logics and levels of commitment and resources they require. The Centre model is equipped with its own staff and programmes, and its logic reflects proactive engagement with stakeholders and provision of a range of services to them. The logic of the Online Platform model is geared to providing stakeholders with infrastructure for communication and exchange of information, and once put in place it depends entirely on whether and how the stakeholders make use of that infrastructure. The logic of the Hybrid model reflects not only a combination of infrastructure and service provision but also an effort to strengthen any element of one of the models by adding a dimension from the other. A variety of functional elements can be incorporated in each of the three models and aligned with diverse objectives of the instrument.

7. A useful tool for evaluating and comparing alternative models for the Observatory is the Assessment Matrix provided in the report. Outstanding concerns of key stakeholders about clarifying the value added of the instrument, which are identified in the report, at this stage preclude an attempt for comprehensive assessment of the models across all three dimensions that are proposed (objectives, value added, and principles). Nevertheless, the developed assessment tool can be adapted to the specifications of any such instrument that may be considered in the future to guide the assessment of alternative forms.

8. An effective approach to the operationalisation of the instrument needs to take into account three main considerations. First, early engagement of key stakeholders to secure their buy-in is crucial for the creation and long-term sustainability of an Observatory. Second, a central challenge is the diversity of stakeholders and ensuring that the Observatory reflects the array of needs and concerns arising from this diversity. Finally, bearing in mind the issues of buy-in and diverse actors and needs, effective operationalisation is likely to hinge upon identifying the right balance between an online platform for communication and engagement and a more concrete provision of services.

3. Conclusions about feasibility

1. The evidence examined in the study suggests that the feasibility of establishing a European NPO Observatory depends on addressing existing concerns of key stakeholders in the instrument, in order to ensure their buy-in from the onset and to unlock the productive potential of the initiative. In addition, the feasibility of establishing the instrument would be enhanced if potential tensions that could arise between the framing and main objective of the Observatory and some of the principles
that should guide its establishment and operation, are recognised and addressed early on in the process.

2. The key stakeholders whose support and participation is needed for the establishment of the Observatory are the national regulators and accreditation organisations in the member states and the NPO umbrella groups. The buy-in of these actors is currently called into question, due to outstanding concerns about the overall framing, objectives, and value added of the instrument. The main concerns about the framing and objectives of the Observatory are the negative framing and foregrounding of the instrument in the fight against terrorism, and the conflation of goals for promoting accountability and transparency of the non-profit sector and addressing risks of abuse of NPOs for terrorist financing purposes. The main concerns about the value added of the Observatory include lack of clear benefits gained from participation, lack of relevance to the work of stakeholders, and lack of distinctive contribution given the array of already existing initiatives and mechanisms across Europe. Overall, this raises concerns about unnecessary costs. The evidence suggests that if the establishment of the Observatory is pursued without addressing these concerns, it is likely to encounter apathy and resistance from key stakeholders. National regulators may go along with the initiative but they are likely to be bystanders rather than active agents in the process, while umbrella groups are more likely to be critics and blockers of the initiative.

3. An additional factor that needs to be taken into account to ensure the feasibility of establishing an Observatory, concerns potential tensions between the current framing and main objective of the instrument, on the one side, and some of the principles that should guide its establishment and operations, on the other. The overall framing of the Observatory emphasises the risk of abuse of NPOs for financing terrorist activities, while the principles prescribe a more balanced approach that takes into account the risk of ‘securitization’ of the non-profit sector. The main objective of the Observatory emphasises development and exchange of best practices within the non-profit sector in implementing national and European guidelines, while the principles encourage deep engagement and debate involving all key stakeholders and imply that the instrument should also facilitate input and participation of NPOs in the policy process. These tensions should be recognised and addressed early on in pursuing the establishment of the instrument, in order to prevent them from becoming obstacles in achieving its goals.

4. If the European Commission decides to pursue the establishment of an NPO Observatory, it is important to address the identified challenges as early in the process as possible. This is because success will depend on the Commission’s ability to create a momentum for the initiative in the non-profit sector and to strengthen the existing process of consultation and dialogue with key stakeholders, which should be geared to secure their buy-in by addressing outstanding concerns about the framing, objectives and value added of the Observatory.

5. Creating a momentum for the initiative in the non-profit sector would require not only generating interest among NPOs and umbrella groups but also pursuing confidence-building initiatives to address any suspicions and distrust that are identified in the sector in this policy area. A meaningful process of consultation and dialogue should be guided by the principles developed in the study and designed in a way that ensures that all actors involved can express and discuss their views and concerns on an equal footing, both in relation to the Observatory itself and the broader issues that it raises.
4. Recommendations

1. In considering whether to pursue the establishment of a European NPO Observatory, the European Commission is encouraged to supplement the evidence and conclusions of the study with an internal assessment to determine whether some of the aims of the Observatory could be pursued by any alternative means, and whether such means may offer a better way forward. In addition, the Commission should consider organising a conference or another forum with key stakeholders to discuss the issues raised in the report – especially those that relate to the framing, objectives and value added of the Observatory – and to explore possible alternatives that may be useful and feasible.

2. If a decision is made at the EU level to pursue the initiative, the conference could be conceived as a first step in creating momentum in the non-profit sector for the establishment of an Observatory. The Commission could consider a range of possible measures in this respect, including confidence-building initiatives to address any suspicions and distrust in the sector and efforts to generate interest among NPOs and umbrella groups.

3. One option may be to create a ‘Civil Society Dialogue on Transparency and Accountability’, building on the vast experience of the Commission in conducting Civil Society Dialogues in diverse policy areas. If the purpose is to create momentum for the initiative in the non-profit sector and especially to promote confidence-building, the remit of the Dialogue should be broad and flexible enough to allow for taking up some of the larger issues raised by NPOs, moving beyond the current narrow focus and emphasis on the risk of abuse of NPOs for terrorist financing.

4. Building on the Commission’s efforts to assess the underlying problem and to encourage innovative and inclusive solutions, the most effective way for taking forward the initiative is to foster a meaningful process of consultation and dialogue that engages all key stakeholders on an equal footing. In creating such a process, the Commission should consider how best to align its efforts with the principles developed in the study and how to ensure that the process is open and flexible enough to help address the range of concerns of key stakeholders and to promote broad participation and support for the initiative.
REFERENCES


--- (2009) Preliminary Comments on the recommendations of the Matrix Study to assess the extent of abuse of non-profit organisations for financial criminal purpose at EU level. 29 November.


APPENDIX

APPENDIX I: Survey Questionnaire

I. Existing Forms of Engagement Between European NPOs and NPOs and EU institutions

1. What are the most common existing forms of engagement within the NPO community in Europe? (please prioritize your responses where #1 is the most common and #4 is the least common)
   a. Conferences
   b. Formal, membership-based networks
   c. Informal networks
   d. Web-based discussion forums
   e. Others, please specify_______________________________

2. Of the above options listed in Question 1, what do you regard as the most effective form of engagement within the NPO community in Europe?
   Please specify ______________________________________

3. Of the above options listed in Question 1, what do you regard as the least effective form of engagement within the NPO community in Europe?
   Please specify _____________________ _____________________

4. Based on your experience, how would you characterize the most typical form of engagement between NPOs and EU institutions?
   a. Partnership (stable and formal long-term engagement)
   b. Collaboration (ad-hoc engagement on specific projects)
   c. Cooperation (informal methods of sharing information)
   d. None of the Above
   e. Other please specify______________________________

II. Proposed NPO Observatory Model

5. In your opinion, what should be the function of an Observatory? (please prioritise your choices with #1 being the most important and #5 being the least important)
   a. To promote dialogue and information exchange between EU based NPOs.
   b. To provide training and capacity building for EU based NPOs.
   c. To organise workshops, conferences or meetings for NPOs.
   d. To provide information about NPO best practices.
   e. To commission research about the challenges facing NPOs in the EU.
   f. Other _____________________ (please specify).

6. Of the following services, please prioritise your choices. #1 being the most preferred and #5 being the least preferred.
   a. A forum facilitating communication between EU based NPOs in different Member States.
a. A forum facilitating communication between EU based NPOs and EU institutions.
b. A database about funding opportunities for EU based NPOs.
c. A database providing information about training opportunities for EU based NPOs.
d. A database providing information about job opportunities.
e. others, please specify________________________________________

7. If providing a forum for dialogue is to be one of the key functions of an Observatory, how should this be structured to function most effectively? (please prioritise your choices with #1 being the most preferred option and #5 the least preferred option)

a. To provide an Internet-based platform for dialogue and exchange among stakeholders.
b. To provide a platform, such as a conference or workshop, for face-to-face dialogue and exchange among stakeholders.
c. To provide a monthly electronic newsletter up-to-date information about NPO best practices.
d. To commission research and publish reports on key issues. that seeks to enhance understanding of key challenges faced by stakeholders and to identify ideas and solutions for addressing such challenges
e. Other please specify ________________________________

8. What are the key lines of communication and exchange among stakeholders that an Observatory should facilitate and promote:

a. Communication and exchange among European NPOs and their umbrella organisations
b. Communication and exchange between European NPOs and public regulatory bodies in Members States (e.g., the Charity Commission in England and Wales).
c. Communication and exchange between European NPOs and European Union institutions

9. In your view, which of the following models for an initiative like a European NPO Observatory is best suited to promote dialogue among NPOs and enhance their capacities?

a. An intranet (closed) online platform allowing exchange of views and information between registered users.
b. A website with facilities for user-generated content and exchange of views which is open to all.
c. A monthly newsletter circulated by email.
d. An annual conference dedicated to a different topic each year.
e. Other _(please specify) __________________________________________
10. Do you think "Observatory" is a useful term or would you prefer one of the following alternatives:
   a. Nonprofit Forum
   b. Nonprofit Collaborative Platform
   c. Nonprofit Collaborative Network
   d. Other (please specify) ____________________________

III. Membership

11. Should membership of an NPO Observatory be open to all European NPOs regardless of size?
   a. Yes
   b. No

12. Should there be a membership fee to join an NPO Observatory?
   a. Yes
   b. No

13. If yes, what would you consider to be a reasonable amount to pay for an annual membership fee?
   a. €50 per year
   b. €100 per year
   c. €250 per year
   d. Other please specify ____________________________

14. If you were to become a member of the NPO observatory, how would you / your organisation expect to be involved? (please tick all that apply)
   a. To receive a monthly newsletter/information
   b. To attend meetings organised by the Observatory.
   c. To attend conferences organised by the Observatory.
   d. To participate in trainings and capacity building seminars organised by the Observatory.
   e. To have access to funding
   f. Others, please specify___________________________________

IV. Training

15. Should training and capacity building be provided to NPOs by the Observatory?
   a. Yes
   b. No
   c. Partially

16. If yes, please suggest what kind of training or capacity building an Observatory should provide to NPOs? (please prioritize accordingly, #1 being the most preferred option and #5 the least preferred option).
   a. Management and organizational development trainings
   b. Grant writing and fundraising trainings
   c. Public relations training
   d. Networking training
   e. Advocacy and lobbying training
17. If trainings were to be provided, should they be established as part of the membership service or as a separate service?
   a. Inclusive in membership
   b. Separate service

V. Accountability

18. Are there any existing initiatives (e.g. regular meetings, practices of formal or informal exchanges, newsletters etc.) that you consider particularly valuable in enhancing European NPOs' transparency and accountability capacities?

   Please specify ________________________________________

19. Do you think codes of conduct are a useful tool in enhancing NPO accountability?
   a. Yes, definitely.
   b. Somewhat.
   c. Not at all.
   d. Don’t know.

20. In your opinion, is a voluntary EU level code of conduct needed for NPOs?
   a. Absolutely necessary
   b. Somewhat necessary
   c. Not necessary
   d. Undecided

21. If in the above question you selected options ‘a’ or ‘b’, how should a voluntary EU level code of conduct be structured in order to retain a positive spirit instead of being seen as a restriction or form of control imposed ‘from above’? (Please prioritise your responses so that #1 is the most preferred option and #5 is the least preferred option)
   a. It should lay out standards of practice for organisational management.
   b. It should lay out standards for project implementation.
   c. It should lay out standards for financial management.
   d. It should lay out standards for information disclosure.
   e. It should lay out standards for participation.
   f. Other please specify _____________________________

22. Which of the following general statements do you agree with the most?
   a. NPOs in Europe are very accountable to their donors.
   b. NPOs in Europe are somewhat accountable to their donors.
   c. NPOs in Europe are not accountable to their donors.
   d. Unable to answer as this is context dependent.

23. Which of the following general statements do you agree with the most?
   a. NPOs in Europe are very accountable to their beneficiaries/clients.
   b. NPOs in Europe are somewhat accountable to their beneficiaries/clients.
   c. NPOs in Europe are not accountable to their beneficiaries/clients.
   d. Unable to answer as this is context dependent.
24. Which of the following statements do you agree with the most?
   a. A code of conduct increases the reputation and credibility of NPOs in the eyes of the public.
   b. A code of conduct assures the internal integrity of NPOs.
   c. A code of conduct is ineffective because it is non-binding and generic.
   d. A code of conduct is ineffective because it lacks clear mechanisms for implementation and compliance.
   e. None of the above.

25. Should one of the activities of the NPO Observatory be to provide certification or ratings to NPOs based on their performance?
   a. Yes, this is a good idea.
   b. Maybe.
   c. No, this is not a good idea.
   d. Don’t know.
   e. Other please specify ________________________________.

26. In your opinion, is a certification or rating system useful in promoting NPO accountability?
   a. Yes
   b. No
   c. Don’t know.

27. Would an EU based certification or rating system be effective in enhancing public perceptions of NPOs?
   a. Yes
   b. No
   c. Don’t know.

**Do you have further comments?**
Do you have further comments or suggestions about the issue of a European NPO Observatory? (If so, we will follow up with you by email or phone)
   a. yes
   b. no

**Thank you for your time and feedback.**
If you would you like to remain informed of further developments on the proposed NPO Observatory, please tick this box so we can add you to our mailing list.

☐
APPENDIX II: Interview Questions

- The main objective of an EU NPO Observatory is to facilitate the development and exchange between NPOs and their umbrella organisations of best practices as to how guidelines at national or at European level, existing as well as future ones, are implemented or will be implemented. Given the array of existing initiatives, what would be the value added of such an initiative on the EU level?

- How can it be feasible and sustainable (i.e., what elements need to be included or part of an NPOO to make it feasible and sustainable)?

- What, if anything, is missing at the EU level in terms of supporting the efforts of NPOs in improving and sustaining transparency and accountability? (i.e., what needs of NPOs in this respect, if any, are not currently being met)?

- Based on your experience, how would you characterize the most typical form of engagement between NPOs and EU institutions?

- What would improve the channels of communication with EU representatives/ institutions? Do you feel that an observatory could facilitate the type of communication that you feel would be useful?

- What would be more useful for your organisation, a communication platform for exchange and dialogue or a structure that provides services for members (e.g., advice to NPOs, trainings, etc.)?

- Do you think ‘training’ should be a part of the mandate of the observatory? Would this make you more or less likely to become a member? Why?

- Can you identify any reasons why NPOs would NOT want to be part of an EU NPOO?

- If the NPOO was membership-based, would your organisation consider becoming a member of the observatory? Why/why not?
APPENDIX III: List of Respondents by Stakeholder Group

<table>
<thead>
<tr>
<th>Stakeholder Group 1 – European Institutions and Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>The EU Counter Terrorism Coordinator’s Office</td>
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<tr>
<td>The EU Committee of the Regions</td>
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<tr>
<td>Council of Europe’s MONEYVAL Secretariat</td>
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<tr>
<td>International Committee on Fundraising Organizations (ICFO)</td>
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<tr>
<td>OSCE Office for Democratic Institutions and Human Rights (ODIHR)</td>
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<tr>
<th>Stakeholder Group 2 – National-level Regulatory and Accreditation Bodies</th>
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</thead>
<tbody>
<tr>
<td>Albania</td>
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<tr>
<td>Center for Change and Conflict Management</td>
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<tr>
<td>France</td>
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<tr>
<td>Comité de la Charte</td>
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<tr>
<td>Germany</td>
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<tr>
<td>German Central Institute for Social Issues (Deutsches Zentralinstitut für soziale Fragen - DZI)</td>
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<tr>
<td>Italy</td>
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<tr>
<td>Italian Institute for Donations (Istituto Italiano della Donazione - IID)</td>
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<tr>
<td>Netherlands</td>
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<tr>
<td>Central Bureau on Fundraising (Centraal Bureau Fondsenwerving - CBF)</td>
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<td>Spain</td>
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<td>Spain</td>
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<tr>
<td>Fundacion Lealtad</td>
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<td>Sweden</td>
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<tr>
<td>Swedish Fundraising Control (Svensk Insamlingskontroll)</td>
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<tr>
<td>Switzerland</td>
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<tr>
<td>Stiftung ZEWO (Schweizerische Zertifizierungsstelle für gemeinnützige,Spenden sammelnde Organisationen - ZEWO)</td>
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<tr>
<td>UK</td>
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<tr>
<td>Charity Commission of England and Wales</td>
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<tr>
<td>• International Programme</td>
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<tr>
<td>• UK Investigations Monitoring, Assessment and Development, Domestic Unit</td>
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<tr>
<th>Stakeholder Group 3 – Umbrella Organisations</th>
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<tr>
<td>Catholic Organisation for Relief and Development Aid (CORDAID)</td>
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<tr>
<td>European Foundation Centre (EFC)</td>
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<tr>
<td>European NGO Confederation for Relief and Development (CONCORD)</td>
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<tr>
<td>European Platform for National Non-Profit Umbrella Organisations (CEDAG)</td>
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<td>European Network Against Racism (ENAR)</td>
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<td>European Network on Debt and Development (EURODAD)</td>
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<td>Minority Rights Group International</td>
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<td>Social Platform</td>
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# APPENDIX IV: Assessment of Models by Objectives

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<thead>
<tr>
<th>Element</th>
<th>Centre Model</th>
<th>Platform Model</th>
<th>Hybrid Model</th>
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<tbody>
<tr>
<td>Facilitate development and exchange of best practices for guidelines implementation</td>
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<tr>
<td>Forum for exchange of information on transparency and accountability enhancement</td>
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<td>Forum for provision of information on transparency and accountability by authorities</td>
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<tr>
<td>Platform to launch projects to enhance NPO capacities</td>
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<td>Forum for exchange of views on topics and demonstration of solutions</td>
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<tr>
<td>Enhance and promote co-operation</td>
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<thead>
<tr>
<th>Degree to which element meets objectives</th>
<th>Doesn’t contribute or Not applicable</th>
<th>Weak</th>
<th>Average</th>
<th>Strong</th>
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## APPENDIX V: Detailed Assessment of Objectives by Elements of Models

### Centre Model

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<thead>
<tr>
<th>Documentation &amp; Research</th>
<th>Monitoring, Reporting &amp; Dissemination</th>
<th>Consultation Service</th>
<th>Workshops &amp; Conferences</th>
<th>Grant-making</th>
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<tbody>
<tr>
<td>Facilitate development and exchange of best practices for guidelines implementation</td>
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- Facilitate development and exchange of best practices for guidelines implementation
- Forum for exchange of information on transparency and accountability enhancement
- Forum for provision of information on transparency and accountability by authorities
- Platform to launch projects to enhance NPO capacities
- Forum for exchange of views on topics and demonstration of solutions
- Enhance and promote co-operation
<table>
<thead>
<tr>
<th>Facilitate development and exchange of best practices for guidelines implementation</th>
<th>e-Networking</th>
<th>Repository of Incident Data</th>
<th>Repository of Initiatives</th>
<th>Repository of Legislation &amp; Standards</th>
<th>e-Forum</th>
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## Hybrid Model

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<th>Facilitate development and exchange of best practices for guidelines implementation</th>
<th>Research &amp; Documentation</th>
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<th>Dissemination</th>
<th>Consultation</th>
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<td>European Observatory on Counterfeiting and Piracy (just renamed European Observatory on Infringements of Intellectual Property Rights)</td>
<td><a href="http://ec.europa.eu/internal_market/ipenforcement/observatory/index_en.htm">http://ec.europa.eu/internal_market/ipenforcement/observatory/index_en.htm</a></td>
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<td></td>
<td><a href="http://oami.europa.eu/ows/rw/pages/OBS/aboutTheObservatory.en.do">http://oami.europa.eu/ows/rw/pages/OBS/aboutTheObservatory.en.do</a></td>
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<td>European Criminal Justice Observatory</td>
<td><a href="http://www.ecj.eu/">http://www.ecj.eu/</a></td>
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<tr>
<td>European Observatory on Cross Border Activities</td>
<td><a href="http://www.eurociett.eu/index.php?id=172">http://www.eurociett.eu/index.php?id=172</a></td>
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<td><a href="http://www.eurociett.eu/fileadmin/templates/eurociett/docs/Cross_Border_Activities/Joint_agreement_Eurociett_UNI_on_setting_up_Observatory.pdf">http://www.eurociett.eu/fileadmin/templates/eurociett/docs/Cross_Border_Activities/Joint_agreement_Eurociett_UNI_on_setting_up_Observatory.pdf</a></td>
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<td><a href="http://www.eurofound.europa.eu/eiro/2010/01/articles/eu1001019.htm">http://www.eurofound.europa.eu/eiro/2010/01/articles/eu1001019.htm</a></td>
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<tr>
<td>European Observatory on Health Systems and Policies</td>
<td><a href="http://www.euro.who.int/en/who-we-are/partners/observatory">http://www.euro.who.int/en/who-we-are/partners/observatory</a></td>
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<td><a href="http://www.eurofound.europa.eu/emcc/content/organisation/m014o.htm?p1=sector&amp;p2=Health_and_Social_Work">http://www.eurofound.europa.eu/emcc/content/organisation/m014o.htm?p1=sector&amp;p2=Health_and_Social_Work</a></td>
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<td>EU Social Situation Observatory</td>
<td><a href="http://www.socialsituation.eu/">http://www.socialsituation.eu/</a></td>
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<td>European Audiovisual Observatory</td>
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<td><a href="http://ec.europa.eu/avpolicy/other_actions/av_observatory/index_en.htm">http://ec.europa.eu/avpolicy/other_actions/av_observatory/index_en.htm</a></td>
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<td></td>
<td><a href="http://www.eurofound.europa.eu/emcc/content/organisation/eu027o.htm?p1=sector&amp;p2=Post_and_Telecommunications">http://www.eurofound.europa.eu/emcc/content/organisation/eu027o.htm?p1=sector&amp;p2=Post_and_Telecommunications</a></td>
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European Juvenile Justice Observatory
http://www.oejj.org/en

EURO Citizenship Observatory
http://eudo-citizenship.eu/

Statewatch Frontex Observatory
http://www.statewatch.org/observatories_files/frontex_observatory/index.html
http://europa.eu/agencies/regulatory_agencies_bodies/policy_agencies/frontex/index_en.htm
http://www.frontex.europa.eu/

Statewatch Observatory on EU Asylum and Immigration
http://www.statewatch.org/observatories_files/frontex_observatory/index.html

SEMDOC
http://www.statewatch.org/semdoc/
# APPENDIX VII: Observatories Structure

<table>
<thead>
<tr>
<th></th>
<th>Online Platform Model</th>
<th>Centre Model</th>
<th>Hybrid Model</th>
</tr>
</thead>
</table>
| **European Social Observatory** |                       | **Established:** 1984  
**Location:** Rue P.E. Janson, 13; Brussels, Belgium  
**Staff:** 13 (core team); 2 (regular contributors); 4 (external research associates)  
**Publications:** # published in 2011 (19); categories (OSE Paper Series – research, briefing, & opinion, Teaching Tools Slides, OSE Newsletter, Health Care Newsletter) | **Established:** July 2008-October 2010  
**Location:** 99 Rue Belliard; Brussels, Belgium (European Economic and Social Committee base)  
**Staff:** 1 president; 2 vice presidents; 33 members (11 from each of the EESC’s Groups: Employers, Employees, and Various Interests); secretariat (2 administrators, 2 assistants) (all staff appointed/affiliated with the EESC)  
**Publications:** “Integrated Report on the implementation and the future of the Lisbon Strategy in the post-2010 period” in collaboration with national Economic and Social Committees |
| **European NGOs Observatory on Trafficking, Exploitation and Slavery** | **Established:** 2008  
**Location:** online  
**Staff:** 1 promoter NGO (Associazione On The Road, Italy); 3 partner organisations (La Strada International, Netherlands; ACCEM, Spain; ALC/SPRS, France); eventually want 27 researchers/NGOs from the 27 EU countries  
**Publications:** 1 report; working towards a protocol for reporting anti-trafficking measures  
**Budget:** € 192,000 (€ 115,000 of EU support) | |  
| **Former Lisbon Strategy Observatory** | | |  
| **European Observatory on Counterfeiting and Piracy (just)** | | |  

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<table>
<thead>
<tr>
<th>Name</th>
<th>Established</th>
<th>Location</th>
<th>Staff</th>
<th>Publications</th>
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</thead>
<tbody>
<tr>
<td><strong>renamed European Observatory on Infringements of Intellectual...</strong></td>
<td></td>
<td></td>
<td>European Commission staff and appointed external contractors (public and private sector)</td>
<td>aim for an annual report</td>
</tr>
<tr>
<td><strong>European Criminal Justice Observatory</strong></td>
<td>Established: private founder (Susan Clements)</td>
<td>Location: online</td>
<td>Staff:</td>
<td>Publications: N/A</td>
</tr>
<tr>
<td><strong>European Observatory on Cross Border Activities</strong></td>
<td>Established: December 2009; Eurociett (2004); UNI Global (2000)</td>
<td>Location: N/A</td>
<td>Staff: expert group of members from Eurociett and UNI-Europa (up to 5 people nominated from each by national affiliations of the two organizations; 2 representatives from their secretariats), external experts and researchers</td>
<td>Publications: study reports (3) and country fact sheets (4)</td>
</tr>
<tr>
<td><strong>European Observatory on Health Systems and Policies</strong></td>
<td>Established: Secretariat based in Brussels, with offices in London, Berlin, and Moscow</td>
<td>Location:</td>
<td>Staff: Steering Committee, core management team, research policy group, and staff (32 total)</td>
<td>Publications: HIT Series, Euro Observer, books, Eurohealth, articles, policy briefs</td>
</tr>
<tr>
<td><strong>European Observatory on Homelessness</strong></td>
<td>Established: early 1990s</td>
<td>Location:</td>
<td>Staff: a coordinator, an editorial team (7) for the European Journal of Homelessness, a research team (23)</td>
<td>Publications: European Journal of Homelessness (twice a year starting 2011), 2 additional reports in 2010</td>
</tr>
<tr>
<td><strong>EU Social Situation Observatory (Network on Income)</strong></td>
<td>Established: 2005</td>
<td>Location:</td>
<td>Staff: project director, project administrator, project co-</td>
<td></td>
</tr>
<tr>
<td>Distribution and Living Conditions</td>
<td>directors (3), other authors and contributors (15)</td>
<td>Publications: Research Notes, Social Situation Report, annual Monitoring Reports</td>
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<tr>
<td>European Audiovisual Observatory</td>
<td>Established: 1992</td>
<td>Location: 76 Allée de la Robertsau; Strasbourg, France</td>
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</tr>
<tr>
<td></td>
<td>Staff: has own staff of experts and a network of partners and information providers</td>
<td>Publications: IRIS-Legal Observations of the European Audiovisual Observatory; the Statistical Yearbook – Film, Television, Video &amp; New Media in Europe; 5 additional publication lines in industry</td>
<td></td>
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</tr>
<tr>
<td>European Juvenile Justice Observatory</td>
<td>Established: July 13, 2008</td>
<td>Location: Rue Mercelis, N° 50, 1050; Brussels, Belgium</td>
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<tr>
<td></td>
<td>Staff: Chairwoman and Director</td>
<td>Publications: none listed yet</td>
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<tr>
<td>EUDO Citizenship Observatory</td>
<td>Established: January 2009</td>
<td>Location: Robert Schuman Centre for Advanced Studies; European University Institute; Via delle Fontanelle 19</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Staff: consortium members (28), country experts (96), advisory board (9), other authors (58)</td>
<td>Publications: country reports, comparative analyses, working papers, policy briefs, case law notes, other publications</td>
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<tr>
<td>Statewatch Frontex Observatory</td>
<td>Established: 1991 (website launched in 1999)</td>
<td>Location: PO Box 1516; London N16 0EW; UK</td>
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</tr>
<tr>
<td></td>
<td>Staff: voluntary group of lawyers, academics, journalists, researchers, and community activists from 18 countries</td>
<td>Publications: Statewatch Journal (21 Volumes), Statewatch News Online</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statewatch Observatory on EU Asylum and Immigration</td>
<td>Established: 1991 (website launched in 1999)</td>
<td>Location: PO Box 1516; London N16 0EW; UK</td>
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<tr>
<td></td>
<td>Staff: voluntary group of lawyers, academics,</td>
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<td>SEMDOC</td>
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<tr>
<td><strong>Established:</strong> 1997</td>
<td><strong>Location:</strong> PO Box 1516; London N16 0EW; UK</td>
<td><strong>Staff:</strong> developed by Professor Steve Peers (University of Essex), voluntary group of lawyers, academics, journalists, researchers, and community activists from 18 countries</td>
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<tr>
<td></td>
<td><strong>Publications:</strong> Statewatch Journal (21 Volumes), Statewatch News Online</td>
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## APPENDIX VIII: Engagement

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<thead>
<tr>
<th>European Social Observatory</th>
<th>Online Platform</th>
<th>Centre Platform</th>
<th>Hybrid Platform</th>
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<tr>
<td></td>
<td></td>
<td>-Bimonthly OSE Newsletter</td>
<td>-Bimonthly OSE Newsletter</td>
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<tr>
<td></td>
<td></td>
<td>-Website: source of up-to-date information on OSE projects, publications, events, and staff</td>
<td>-Website: source of up-to-date information on OSE projects, publications, events, and staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-European Health Care Newsletter: summarizes current EU developments that could affect national health care systems</td>
<td>-European Health Care Newsletter: summarizes current EU developments that could affect national health care systems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Working Paper Series: 3 categories - research, briefing, and opinion papers</td>
<td>-Working Paper Series: 3 categories - research, briefing, and opinion papers</td>
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<tr>
<td></td>
<td></td>
<td>-Lunchtime Sessions: academics, policymakers, and stakeholders shed light on issues topping the EU agenda before an audience of OSE researchers and their guests</td>
<td>-Lunchtime Sessions: academics, policymakers, and stakeholders shed light on issues topping the EU agenda before an audience of OSE researchers and their guests</td>
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<tr>
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<th>Online Platform</th>
<th>Centre Platform</th>
<th>Hybrid Platform</th>
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<tr>
<td></td>
<td>-Methodological Protocol: for reporting on anti-trafficking measures, endorsed by the NGO network in 27 countries</td>
<td>-Initial Report: on policies and interventions in response to trafficking at national and transnational levels</td>
<td>-Initial Report: on policies and interventions in response to trafficking at national and transnational levels</td>
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<tr>
<td></td>
<td>-Website: for the wide dissemination of reporting criteria and a comparative analysis of responses to trafficking in the EU</td>
<td></td>
<td>-Website: for the wide dissemination of reporting criteria and a comparative analysis of responses to trafficking in the EU</td>
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<table>
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<tr>
<th>Former Lisbon Strategy Observatory</th>
<th>Online Platform</th>
<th>Centre Platform</th>
<th>Hybrid Platform</th>
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<tr>
<td></td>
<td>-Country Missions: in order to hold discussions on the Lisbon reform implementation process with all civil society actors (gather data)</td>
<td>-7 ISO Meetings</td>
<td>-7 ISO Meetings</td>
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<tr>
<td></td>
<td>-Jointly write the mentioned report and 3 opinion papers with national ESCs and partner organisations</td>
<td></td>
<td>-Jointly write the mentioned report and 3 opinion papers with national ESCs and partner organisations</td>
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<tr>
<th>European Observatory on Counterfeiting and Piracy (just renamed European Observatory on Infringements of Intellectual Property Rights)</th>
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<th>Centre Platform</th>
<th>Hybrid Platform</th>
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<td>-Regular Meetings: among private sector participants, national representatives, and external experts</td>
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<td>-Specialized Working Groups: working on specific issues and deliver practical results</td>
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<td>-Training Programs: with enforcement authorities in</td>
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</table>
| European Criminal Justice Observatory | -The Essential Videos: information and online training  
-The Essentials: information and online training (introduce the key European Union criminal legislation applying and coming up, together with links to relevant documents)  
-The Members Directory: networking opportunity  
-The Events Directory: networking opportunity | -Regular Meetings co-chaired by Eurociett and UNI-Europa: minimum of twice per year  
-Network of key stakeholders based on a list of national information contacts through Eurociett and UNI Europa  
-Sub-regional seminars  
-Website |
| European Observatory on Cross Border Activities | | |
| European Observatory on Health Systems and Policies | -Policy Dialogues  
-Summer School  
-Collaborations: with other research institutes (BMJ, HPM, EHMA, EUPHA,...)  
-Policy briefs  
-Euro Observer: quarterly health policy bulletin  
-Eurohealth: quarterly publication  
-Books: several books written under the Observatory’s name by researchers  
-Health Systems in Transition Series: country reports  
-E-bulletin: informs subscribers of newest publications and Observatory activities | |
<p>| European Observatory on Homelessness | -Annual Research Conference: in collaboration with the European Network for Housing Research and select | |</p>
<table>
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<tr>
<th>Observatory</th>
<th>Information</th>
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| **EU Social Situation Observatory** | - Networking: resources through the European Network for Housing Research  
- Publications Database: search for relevant research articles  
- Online Resource: collects all research findings and documents and sorts them into categories (e.g. Risk of Poverty, Wealth, etc.)  
- Biannual Research Seminars |
| **European Audiovisual Observatory** | - Databases: on European TV channels and companies (MAVISE), legal information relevant to the sector (IRIS Merlin), public funding for the film and audiovisual sector (KORDA), and admissions for films released (LUMIERE)  
- Online Portal: provides access to all Observatory publications, reports, papers, and notes; press releases of relevance  
- Conferences and Workshops |
| **European Juvenile Justice Observatory** | - EJJO Intranet: portal to exchange information and documents, collaborate on research, and have forums for debate/discussion (eventually to be used to prepare opinions and reports)  
- European Council for Juvenile Justice: comprised of experts appointed by the observatory board, has held 3 cooperation meetings so far, gathers data, forms reports, makes recommendations, and promotes the observatory  
- Working Groups/Networks of Experts/Committees  
- Documentary and Statistical Databases |
| **EUDO Citizenship Observatory**    | - Citizenship Forum and Video Comments: 2 online platforms for researchers, policymakers, and NGOs to provide their comments  
- Testimonials: source for visitors' comments about the website  
- 10 Legal Databases |
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<th>Annual Dissemination Conferences - Other Conference Collaborations</th>
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<td><strong>Statewatch Frontex Observatory</strong></td>
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<td><strong>Statewatch Observatory on EU Asylum and Immigration</strong></td>
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<td><strong>SEMDoc</strong></td>
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LSE Consulting
contact details

Elisa Narminio (Project Manager)
LSE Enterprise Limited
London School of Economics and Political Science

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London
WC2A 2AZ

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Email: e.m.narminio@lse.ac.uk
Web: lse.ac.uk/enterprise